

Collective Bargaining in the  
Face of Instability:

A Resource for Workers and  
Employers in the U.S.  
Aerospace Industry

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A Product of MIT's Labor Aerospace Research Agenda

Developed in Partnership with:  
The International Association of Machinists and Aerospace Workers (IAM)  
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## **I. Introduction: The Challenge of Instability in the Aerospace Industry**

For employees and employers in the aerospace industry, collective bargaining represents an enormous challenge and opportunity. Aerospace has been described as an “industry of industries” in which people work in a range of sectors including airframes, engines, avionics, space, missiles, and others. Moreover, each sector features a supply chain that can span millions of components and raw materials, often using rare metals and composites. In addition to the variety and complexity of products, high levels of instability are found across both the commercial and military sectors.

The people in this industry are unique. They are proud of their many accomplishments, including the supersonic flight, the Moon walk, millions of miles of safe commercial travel, and the technology that enables our national security. Aerospace workers have specialized skills in working with composite materials, pushing the design envelope, managing massive, long-term projects, achieving precise manufacturing quality, and sustaining products in the field decades after production ended. There is an intangible quality that ties together these many engineers, production workers, technicians, managers and others – a continued awe at the miracle of air and space travel.

These same employees face constant cycles of hiring and layoffs, driven by fluctuating sales, design changes, new technologies, and fundamental shifts in society’s values. When the cold war ended, for example, the entire underlying logic behind the mix of defense products was thrown into question. The growth of international competition in the commercial sector has been no less dramatic. Moreover, the increasing global interdependencies have meant that a change in the financial markets of Japan, Korea or Singapore can have a direct impact on U.S. assembly lines in St. Louis, Dallas or Seattle.

Collective bargaining serves two primary functions – it codifies past understandings and innovations, as well as establishing terms and conditions to guide future interactions. In the aerospace context, collective bargaining must remain constantly responsive to the changing social and economic context. Indeed, as the pace of change has accelerated, the institution of collective bargaining itself has had to adjust and will face continued challenges in the future. Union and management negotiators must simultaneously figure out how to jointly maintain and increase economic success, while sorting through deep and contentious conflicts.

In response to these many forms of instability and the other challenges facing labor in this industry, the IAM (International Association of Machinists and Aerospace Workers) and the UAW (United Automobile, Aerospace and Agricultural Implement Workers) joined with MIT on a research project, funded through the U.S. Air Force. The project is linked to all the major aerospace employers through the Lean Aerospace Initiative (LAI), which is also based at MIT and includes all major stakeholders in this industry. The research project is entitled LARA (Labor Aerospace Research Agenda) and focuses on understanding and mitigating the impact of instability, as well as building the skills and institutions needed for the years to come.

This resource is one product of the LARA project. It is designed to provide assistance and new ideas for union and management negotiators in this industry. Simply put, we have assembled sample contract language and categories around which negotiations might occur. At the outset we should also say what this volume is not. It is NOT a “cook book” or an instruction manual on how to negotiate, nor is it intended as a master list of contract language to be copied as is. Our hope is that the language and categories presented here will trigger new dialogue and constructive exploration of options. Ultimately, we hope that the institution of collective bargaining will be better harnessed to serve the mutual interests of all the major stakeholders in this industry.

## **II. Resource Guide: Cautions and Recommendations in Using this Product**

As you use this product, keep in mind the goal for this project was quite simple. The collective bargaining resource is intended to trigger new ideas and insights for those involved in bargaining contract language. It is not a recipe book but rather a guide book. The resource highlights samples of contemporary contract language that illustrate the current state of language for specific issues in the unionized sector of the aerospace industry.

Contract language reflects the relationship of those who negotiate it. Current collective bargaining relationships in the industry include traditional agreements with language that has evolved over many cycles of contract negotiation as well as new approaches to collective bargaining in the context of strategic partnerships and new work systems – including “living agreements” and “interest-based bargaining.” No matter where your collective bargaining agreement fits into the overall status of contract language in the industry, you need to remember that in your situation and every other case, the language developed within a whole context or environment. The language does not stand alone and cannot be copied directly from one agreement to another without the most thorough and complete study possible. Resist a natural temptation to “borrow” interesting excerpts from the language in this resource unless you have fully studied how that language fits within the structure of your existing agreement.

Collective bargaining must be viewed through a short term and a long-term lens. Short term there are the day-to-day problems and events that make up the grievance procedure, labor and management interactions, and the functions of the labor organization. Over the long term of many contract cycles, collective bargaining governs a very different array of topics such as the evolution of skill and competency requirements, adaptation to changes driven by technology or the market place, and the implications of policy revisions for workers and their employment. The critical nature of the long-term perspective cautions against sharp reactions to current circumstances.

This resource is aimed at helping all those involved in the collective bargaining process to build adaptable and responsive agreements that lead to institutions and systems that meet the ongoing needs of those represented by the system or effected by the outcomes of collective bargaining. Among the topics selected for review in this resource are appeals procedures, mechanisms for review and renewal, methods for funding and staffing joint initiatives, and examples of language that relates to employment security. The selection reflects a belief that it is important to create multiple methods for mitigating the impact of internal and external environmental changes on the employment relationship. For example, the existence of joint labor and management mechanisms that confer on safety issues have provided communication pathways to discuss worker training needs.

This resource additionally reflects the view that codifying innovation, writing down innovative bargaining outcomes, is critical. Only by creating language and following it through the cycle of contractual interpretation and enforcement can the true nature of a contract provision be understood. Not only can the parties to the agreement better understand what they have negotiated, they can begin to establish a set of precedents,

definitions and procedures for the language. As language takes on this broader and more descriptive force, it can be adopted and/or adapted by others. We hope that this resource is the first step in helping others to identify within their own collective agreements, employment relationships, or workplace environments those areas where they can create language that fits their specific needs. No one outside a workplace or employment relationship can so fully understand the interconnected nature of contract issues as those charged with negotiating and implementing an agreement. The links between changes in one part of the contract to other provisions are often visible as the changes are being explored.

Collective bargaining language reflects the relationships of those who negotiated it. This statement highlights the dynamic way that contract language can effect those who actually sat at the table as well as many other stakeholder who are represented by the negotiators. Of course families and shareholders are considered during bargaining and today that circle expands to include customers, competitors, and community institutions. The data in the following section will illustrate some of these relationships as well as some of the conditions that in part determine the outcome of collective bargaining. Use the resources in this guide to help analyze the situation within which bargaining is going on. Where necessary and possible construct and embrace changes that will be beneficial over the long term to all those represented by collective bargaining.

### III. Context: Data on the Aerospace Industry

Collective bargaining in the aerospace industry is shaped by powerful historic and economic forces. From the end of the cold war to the rise of international competition to economic downturns in Asia, this industry operates in a volatile context. External forces create challenges and opportunities for workers and employers as competitive forces and economic pressures increase or decrease the demand for aerospace products. Collective bargaining allows workers to link their daily work environments to the external world and, perhaps, adapt that environment beneficially. It is wise to have some basic fundamental information with which to begin to interpret how this global context exerts pressures on collective bargaining.

#### Economic Portrait of the Industry

This section contains selected data on employment, sales, production, trade, and wages. The data illustrate sources of instability such as changes in technology, changes in markets or funding, and organizational contexts. One goal of collective bargaining is to respond and mitigate this instability. Mitigation can occur through increased flexibility and adaptability in the work force, building new capabilities in workers or technology, and adapting policies or procedures to increase the assurance of job security or benefits. One outcome of effective mitigation can be increased workforce confidence or willingness to share risk with the employer. A solid employment relationship can be a positive force to combat the cycles of instability the industry has traditionally experienced.

The data in Table 1 illustrates one aspect of the cyclical nature of the aerospace industry. Total aerospace revenues peaked in this series of data in 1990 at approximately \$121 million up 70% from 1979. In the next 5 years from 1990 to 1995, the industry experienced a 30 % drop in overall revenues followed by three years of gradual growth. These cycles of growth and decline are reflected in trade and employment levels as well.

**Table 1**  
**Aerospace Industry Revenues**  
**(Constant \$1987)**

Year	Total Aerospace (\$Millions)	Total Aircraft (\$Millions)	Civil Aircraft (\$Millions)	Military Aircraft(a) (\$Millions)	Missiles(a) (\$Millions)	Space(a) (\$Millions)	Related Products & Services (\$Millions)
1979	\$71,528	\$41,546	\$20,830	\$20,717	\$7,524	\$10,307	\$12,150
1987	\$110,008	\$59,188	\$15,465	\$43,723	\$10,219	\$22,266	\$18,335
1988	\$112,426	\$59,751	\$18,664	\$41,086	\$10,079	\$23,859	\$18,738
1989	\$113,604	\$58,011	\$20,644	\$37,367	\$12,839	\$23,821	\$18,934
1990	\$121,606	\$64,573	\$28,382	\$36,281	\$12,833	\$23,933	\$20,268

1991	\$121,508	\$66,246	\$32,673	\$33,573	\$9,572	\$25,438	\$20,251
1992	\$117,251	\$62,525	\$33,754	\$28,772	\$9,947	\$25,238	\$19,542
1993	\$101,636	\$54,314	\$27,323	\$26,991	\$6,973	\$23,409	\$16,940
1994	\$89,160	\$46,490	\$20,642	\$25,848	\$6,099	\$21,710	\$14,860
1995	\$85,473	\$43,654	\$19,005	\$24,649	\$5,857	\$21,717	\$14,246
1996	\$91,364	\$46,987	\$21,074	\$25,913	\$6,309	\$22,841	\$15,227
1997p	\$99,480	\$53,048	\$29,657	\$23,391	\$6,358	\$23,494	\$16,580
1998e	\$108,121	\$59,540	\$36,754	\$22,785	\$6,003	\$24,559	\$18,020

Table 2 shows a division of U. S. aerospace exports for Europe, Japan, China, and then the rest of the world from 1991 to 1997. These data also show a pattern of fluctuation across this time period. For example in Europe there is a gradual decline in exports until 1997 when there is a dramatic increase. The decline in export totals from 1991 to 1995 mirror the patterns of revenue decline seen in Table 1. These linkages are important considerations for those involved in collective bargaining to keep in mind as they prepare for new bargaining or to implement current language.

**Table 2**  
**U.S. Aerospace Exports, by Region**  
**(millions of dollars)**

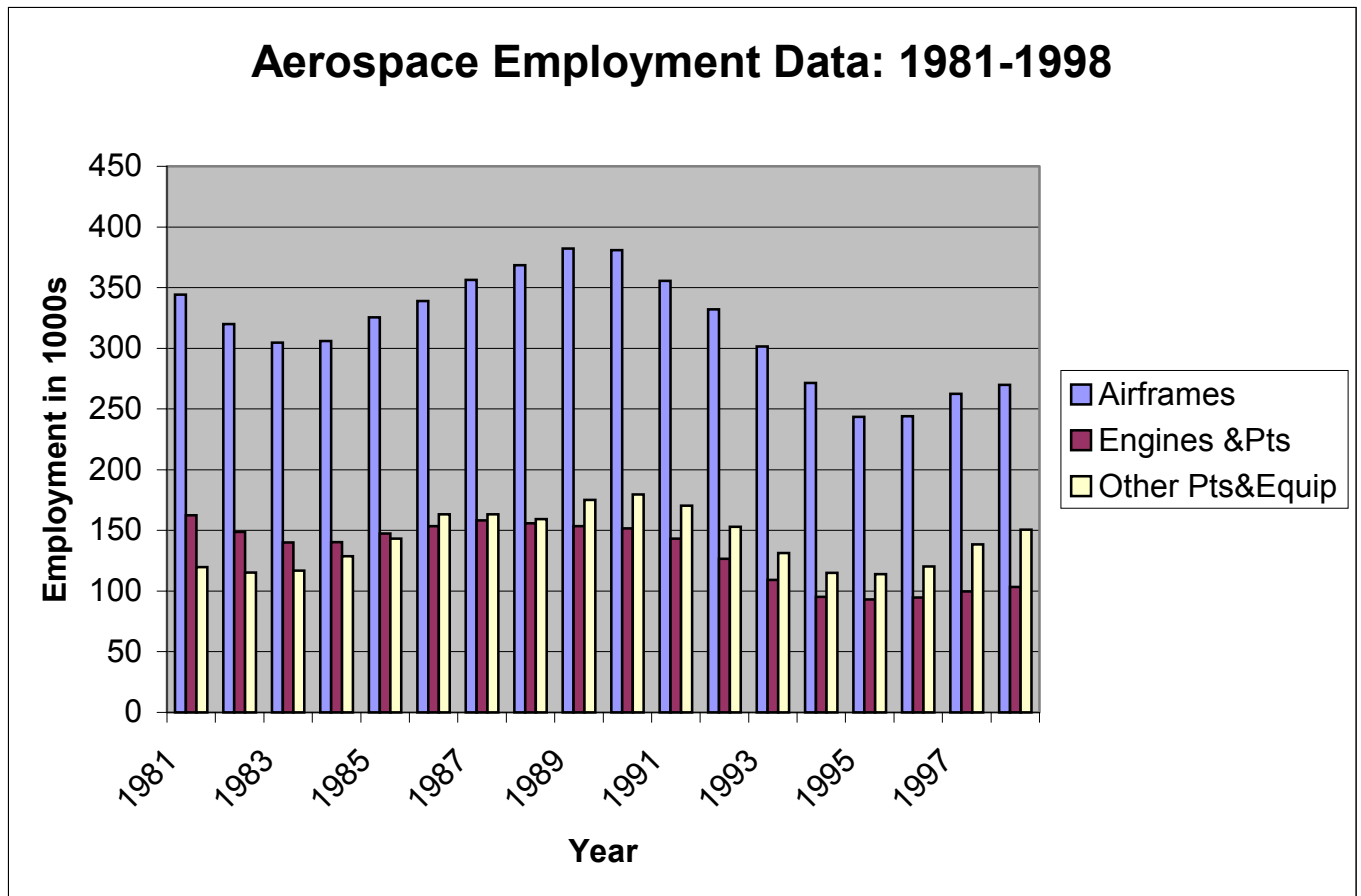
<b>Year</b>	<b>EU-5</b>	<b>Japan</b>	<b>China</b>	<b>Rest of World</b>	<b>Total Exports</b>
1991	\$14,768	\$3,910	\$1,244	\$15,626	\$35,548
1992	\$12,887	\$4,505	\$2,247	\$17,267	\$36,906
1993	\$10,345	\$3,581	\$2,384	\$15,513	\$31,823
1994	\$10,716	\$4,099	\$2,047	\$13,188	\$30,050
1995	\$9,357	\$3,587	\$1,250	\$10,885	\$25,079
1996	\$9,540	\$3,772	\$1,705	\$14,460	\$29,477
1997	\$13,775	\$5,071	\$2,256	\$18,973	\$40,075
1998p					\$48,492

*Source : EPI analysis of AIAA data (1996 & 1998)*



This link between competitive patterns and employment becomes quite clear when the data in Chart 1 are considered. Changes in U. S. aerospace employment levels are portrayed for three sectors. These figures begin to grow in 1984 and peak as did the revenues figures in 1990. As might be expected they also continue to decline through the early 1990s and then begin to rise again in 1996. Bargainers representing workers in the aerospace industry can look at these data and their own work life experiences to see the need for contract language or provisions for employment security or income protection. Employers must be concerned about protecting the skill levels of their work forces as well as maintaining a bottom line balance.

**Chart 1**  
**U.S. Aerospace Employment, by Sector**



The aerospace industry in the U.S is part of an interconnected global industry. Table 4 highlights employment levels in five regions of the world that have large national or regional aerospace industries. Not surprisingly but importantly the data show how employment trends are globally similar. The integration and interdependencies of a global market place as well as political and international relationships link the employment of workers around the world. In Table 4, global aerospace employment peaks in 1989. As the world entered the 1990s, historical events such as the disintegration of the Soviet Union have an impact on defense spending and employment rates respond.

**Table 3**  
**Aerospace Employment in Europe Canada, Japan and the United States\* -- 1974-95**

Year	United Kingdom	Other E.U.	Total E.U.	United States*	Canada	Japan	Total
1974	210,100	199,541	409,641	666,000	28,400	29,814	1,133,855
1979	196,566	227,071	423,637	775,000	37,700	31,666	1,268,003
1980	229,821	241,874	471,695	830,000	46,800	32,991	1,381,486
1984	203,202	262,318	465,520	817,000	44,041	34,200	1,360,761
1985	206,677	274,971	481,648	898,000	48,794	34,300	1,462,742
1989	189,911	295,829	485,740	992,000	66,106	38,300	1,582,146
1990	186,337	297,635	483,972	946,000	65,679	39,100	1,534,751
1994	119,353	240,954	360,307	616,000	54,031	38,100	1,068,438
1995	110,549	237,512	348,061	580,000	57,329	38,300	1,023,690

Source: EC (1994 and 1997).

\* Figures for U.S. employment only include companies in SICs 372, 376, 366, 381, and 382 and exclude other aerospace-related companies and their employees.

Although collective bargaining does not hold all the answers or responses to the cycles of instability faced by those in the aerospace industry, it does offer a communication channel to exchange concerns, a mechanism for resolving disputes, and most importantly can serve as a tool for workers and employers to build more effective and secure workplace futures. It is no longer possible to bargain without an acknowledgement of the global nature of the industry and the linkages that connect workers and companies economically across the widest possible spectrum.

#### IV. What collective bargaining can and can't do

Broadly speaking, collective bargaining serves four functions. These can be summarized with four words: Continuity, Adjustment, Innovation, and Codification. Each is a legitimate part of collective bargaining, although the dynamics are very different with these functions. The contract language in the next section of this manual reflects this broad mix of functions.

First, collective bargaining provides *continuity* in labor-management relationships by establishing rules and other understandings that guide all interactions. Contractual agreements provide a measure of stability for employers and unions at all levels – from daily shop floor interactions to long-term strategic planning. Negotiations associated with this function are typically characterized by incremental adjustments in existing contract language.

Second, in times of crisis or in the face of economic shifts, collective bargaining is a forum through which key *adjustments* can be made in the rules and understandings. The shifts can be positive or negative, leading to very different adjustment processes. In a sharp downturn, there may be pressure from employers for concessions or at least moderation in traditional demands made by unions. In a sharp upturn, there may be pressure from unions for significant expansion in economic and other contractual provisions. Negotiations associated with this function are often characterized by great tension and confrontation since not all parties adjust to such changes with the same speed and in the same ways.

Third, collective bargaining provides enabling language for *innovations* designed to chart new territory. Such language may emerge out of a crisis or it may represent a forward-thinking way of creating new opportunities. In the past, collective bargaining has broken new ground around pensions, health benefits, cost of living adjustments, health and safety committees, workforce training and other matters. Today, there are challenges around the launching of new work systems, investment in “human capital,” work/family balance, and other matters. In each case, the initial contractual language is exploratory – providing a framework for experimentation. Negotiations associated with this function are often characterized by brainstorming of options, exploration in sub-committees, and other processes aimed at fostering innovation.

Finally, the periodic bargaining sessions serve as a forum to *codify* innovations that have emerged over time – expanding and adjusting the rules that guide daily interactions. As innovations and practices prove beneficial for all parties, these are codified and become the basis for the sort of continuity discussed earlier. Negotiations aimed at codifying best practice often involve presentations or other information from people directly involved in the innovative practices – so as to best capture what is working well about these experiences.

While collective bargaining serves these four functions well, it has its limits. The periodic bargaining process cannot substitute for the formal and informal daily relations

associated with regular operations. Also, it cannot substitute for the formal and informal strategic dialogue that often occurs between labor and management. Finally, collective bargaining is not a substitute for public policy, which involves a broader mix of stakeholders and a very different set of forums.

How does the bargaining process work? In general, bargaining on any issue (and bargaining overall) proceeds through five phases, which are:

- I. Preparing
- II. Opening
- III. Exploring
- IV. Focusing
- V. Agreeing

In addition to these phases, there are dynamics that are central to collective bargaining. There is adage that “it takes three agreements to get one – an agreement within the union, an agreement within the employer, and an agreement between the two.” Often, the agreements within each organization are as challenging as the agreements between labor and management. This is most clear following the agreement at the bargaining table, given the need for ratification or approval from each side. In fact, attention to these issues begins during preparation when each team receives its mandate from its constituents. Once agreement has been reached, many issues require ongoing contract administration, often through the use of joint committees and individuals appointed to supporting roles.

Recently, there has been a great deal of discussion regarding new ways to conduct collective bargaining. Many terms are used, such as “mutual gains bargaining” or “interest-based bargaining” or “win-win bargaining.” While we would urge caution with terms such as “win-win” (which makes a promise that can’t always be kept), there are aspects of these new approaches that deserve some attention. Of course, it is important to recognize that collective bargaining has always featured a measure of problem-solving, though it has often been limited to problem-solving between the chief negotiators on each team. Today, we see an expanded use of many different types of problem-solving tools and the involvement of all members of bargaining teams.

In a recent survey of a national random sample of private sector collective bargaining negotiators conducted for the Federal Mediation and Conciliation Service (FMCS), 79% of union negotiators and 67% of management negotiators indicated that they were familiar with these new approaches to bargaining. These data, collected in 1999, represent a small increase from similar survey data collected in 1996, when it was 76% and 62% respectively for union and management. Perhaps more importantly, of those familiar with the new approaches, 59% of union negotiators and 54% of management negotiators reported having utilized these approaches in bargaining. This is an increase from 47% and 35% for union and management negotiators in the 1996 survey. While use of the new approaches is apparently increasing, there is also evidence in the survey of a split between labor and management around preferences for this approach – with 68% of

management negotiators indicating a preference over traditional bargaining and 47% of union negotiators indicating this preference.

We cite these data to suggest that it is not just the contract language that is “on the table” for bargaining these days – it is also the bargaining process itself. Parties are doing what can be termed “bargaining over how to bargain.” Many new issues require parties to craft innovative language, which is a very different function than the more incremental process associated with stability. While there is no single best way to bargain – especially around the many forces of instability that characterize this industry – we do urge parties to craft the bargaining process to best match the issues and circumstances that they face.

## **V. Framework: A Way to Classify Contracts and Organize Thinking About Collective Bargaining in the Aerospace Industry**

In order to organize contract language to serve as a resource for bargaining in the aerospace industry, a sample of 21 collective bargaining agreements were analyzed. This included national master agreements, as well as agreements at the facility level. As language was identified that was relevant to the issue of instability, categories were formed. This was what is termed an inductive process – where the categories were developed based on the actual contract data. The draft categories were then reviewed by various collective bargaining experts, with some adjustments made.

We have focused on language directly relevant to the issue of instability. Language on issues such as wages, pensions, health benefits and other topics was not included since examples along these lines is less important in a resource such as this. Similarly, “boilerplate” language on seniority was not included.

The classification framework is presented here for two reasons. First, it is a potentially useful way to organize contract material – that which is provided here and other material that may be filed. Second, these categories may trigger useful reflection and dialogue between labor and management around potential subjects of negotiation. We offer this information in the spirit of constructive bargaining – no contract need have language in all of these categories, but each is worthy of exploration and consideration.

### **Contract Language Categories:**

#### **1. High Performance Work Organization and Strategic Partnership**

- 1a. Language establishing an HPWO or other strategic partnership
- 1b. Language providing strategic commitment to future of the business associated with the HPWO partnership

#### **2. New Technology**

- 2a. Language establishing partnership on new technology
- 2b. Language on training associated with new technology

#### **3. Joint Union-Management Committees**

- 3a. Language establishing a joint committee on safety
- 3b. Language establishing a joint committee on apprenticeships
- 3c. Language establishing a joint committee on training
- 3d. Language establishing a joint committee on sourcing and/or subcontracting
- 3e. Language establishing a joint committee on employee involvement and/or worker participation
- 3f. Language establishing a joint committee on other topics

#### **4. Work Teams**

- 4a. Language on the structure and operation of work teams

- 4b. Language on job rotation and cross-training within teams
- 4c. Language providing for hourly team leaders/coordinators
- 4d. Language on team leader/coordinator selection

**5. Movement Across Operations**

- 5a. Language on employee transfers to new locations within the company due to movement of operations
- 5b. Language on employee transfers to new locations within the company due to a reduction in force
- 5c. Language on employee transfers to new locations within the company for other reasons
- 5d. Specific guarantees on maintaining wage rates upon transfer to new locations within the company
- 5e. Specific guarantees on maintaining seniority upon transfer to new locations within the company
- 5f. Language enabling employee transfers to new locations in other companies

**6. Outsourcing and Subcontracting**

- 6a. Language requiring advance notice by the company to the union on outsourcing/subcontracting actions
- 6b. Language requiring the company to bargain with the union over the impact of a pending outsourcing/subcontracting action
- 6c. Language prohibiting or limiting layoffs due to outsourcing or subcontracting actions
- 6d. Language requiring the sharing of cost data associated with outsourcing/subcontracting decisions
- 6e. Language on the scope of work/jobs subject to notice and negotiations on outsourcing/subcontracting

**7. Seniority Rights and Job Movement**

- 7a. Language allowing for seniority preference in bidding on new jobs or when bumped from a job (within or across shifts)
- 7b. Language allowing for seniority preference in temporary layoff or permanent reduction in force
- 7b. Language establishing the scope of seniority rights

**8. Job and Income Security**

- 8a. Language allowing for volunteers in a temporary layoff or permanent reduction in force
- 8c. Language providing for advance notice prior to a temporary layoff or permanent reduction in force
- 8d. Language providing for the payment of supplementary unemployment benefits to workers on layoff
- 8e. Language providing for limits on layoffs during the term of the contract
- 8f. Language specifically limiting layoffs as a result of work reorganization (due to HPWO, teams, employee involvement, and related activities)

- 8g. Language allowing for early retirement as an alternative to layoffs
- 8h. Language allowing for preferential hiring rights of laid off employees at other locations
- 8i. Language allowing for limits on plant closings during the term of the agreement
- 8j. Language providing for training and job search assistance to laid off employees

#### **9. New Hires**

- 9a. Language providing for a special new hire pay rate
- 9b. The approximate or average spread in new hire and full rates
- 9c. The approximate or average grow in time from new hire to full rates
- 9d. Application of new hire rates when workers transfer from other locations

#### **10. Temporary Workers**

- 10a. Language allowing for the use of temporary workers
- 10b. Language on the process by which temporary workers might become permanent workers

#### **11. Job Consolidation**

- 11a. Evidence of compression or reduction in the number of production job classifications
- 11b. Evidence of compression or reduction in the number of maintenance or other support job classifications

#### **12. Training**

- 12a. Language on a formal apprenticeship training program
- 12b. Language on specific commitments around the number of apprentices to be trained during the term of the agreement
- 12c. Language on tuition reimbursement for work related education and training courses
- 12d. Language on tuition reimbursement for non work related education and training courses
- 12e. Language establishing in-house training/learning centers
- 12f. Language allowing for bargaining unit employees to serve as temporary or permanent training instructors
- 12g. Language establishing joint training funds

#### **13. Hours of Work**

- 13a. Language for overtime pay after 8 hours work
- 13b. Language for compressed/alternative work schedules (including 4 day work weeks with longer hours each day and other such arrangements)

#### **14. New Pay Systems**

- 14a. Language establishing “pay for knowledge” or “ability rated pay” systems
- 14b. Language providing for gainsharing or goal sharing payments



14c. Language providing for profitsharing payments

**15. Flexible Work Arrangements and Work/Life Issues**

15a. Language allowing for flextime

15b. Language allowing for job sharing

15c. Language allowing for telecommuting

15d. Language providing for dependent care time and information referral

## **VI. Sample Language: Examples of Contract Language**

Using the contract language categories, language from a sample of 21 agreements has been included in this resource guide. Some of the language is from the main text of agreements and some is from attached letters of agreement.

This resource is designed to be a living document, so that additional innovative and illustrative language can be added over time. Copies of collective bargaining agreements with language that might be added to this resource should be sent to:

Joel Cutcher-Gershenfeld  
Labor Aerospace Research Agenda, E40-247  
Center for Technology, Policy and Industrial Development, MIT  
1 Amherst Street, Cambridge, MA 02139

Not all language fits neatly in any category – some spans more than one category. In other cases, categories are included in our classification framework, but examples were not found in the sample studied.

Again, the overall categories are as follows:

1. High Performance Work Organization and Strategic Partnership
2. New Technology
3. Joint Union-Management Committees
4. Work Teams
5. Movement Across Operations
6. Outsourcing and Subcontracting
7. Seniority Rights and Job Movement
8. Job and Income Security
9. New Hires
10. Temporary Workers
11. Job Consolidation
12. Training
13. Hours of Work
14. New Pay Systems
15. Flexible Work Arrangements and Work/Life Issues

Finally, as we noted in the section on the use of this resource, it is important to recognize that the language listed here is out of context. These are sections of agreements – so they are out of context in that respect. Also, this is language drafted in the context of a specific relationship. As such, we urge that the language be adapted to your particular circumstance and not just copied as it is listed here.

## 1. High Performance Work Organization and Strategic Partnership

### LETTER XXIX

Mr. Frederick W. Thorpe, Jr., President  
Seminole Lodge 971  
International Association of Machinists  
and Aerospace Workers  
P. O. Box 968  
Jupiter, FL 33468

Dear Mr. Thorpe:

This is to confirm the understanding and agreement reached in this contract negotiation between the company and Seminole Lodge 971, International Association of Machinists and Aerospace Workers, AFL-CIO, that both parties are committed to the continuation of improved relations to make GESP a site of choice for future work.

We are both committed to the key goals of improved quality, employee development, productivity, employee participation, flexibility and the financial performance of the company while enhancing earning opportunities, long term employment, job satisfaction and safety for employees.

In an effort to meet these commitments it is agreed to establish a joint CORE team consisting of the union president and the shop committee. Company representatives will include managers representing Assembly, Manufacturing, Quality, Facilities and Human Resources. Immediately after the ratification of this collective bargaining agreement the CORE team will begin to investigate mutually defined issues and initiatives intended to support the accomplishment of the goals of this agreement. Costs directly associated with this joint initiative will be solely the responsibility of the company.

The CORE team will focus on, but not be limited to, the following issues and initiatives. To accomplish these tasks the CORE team will utilize sub-teams, made up of both company and union representatives, to work specific items at the discretion of the CORE team.

- Development of a WORK DESIGN plan for all hourly functions with focus on job flexibility by a target date of August 31, 1996 that is mutually agreeable to the company and the union.
- Development of an hourly SKILLS DEVELOPMENT system that supports the Work Design Plan by a target date of September 30, 1996 that is mutually agreeable to both the company and the union.

- Development of an hourly COMPENSATION system that supports the Work Design Plan by a target date of October 31, 1996 that is mutually agreeable to both the company and the union.
- Development of an hourly JOB PRESERVATION plan that supports the above items and is mutually agreeable to both the company and the union by a target date of November 30, 1996.
- It is agreed that no involuntary layoffs or reduction of wages shall occur as a direct result of the implementation of any joint initiatives.

Very truly yours,  
PRATT & WHITNEY

W. V. Panetta  
Vice President, Human Resources

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## **2. New Technology**

### **2a. Language Establishing Partnership on New Technology**

#### **Pratt & Whitney—IAM 971**

LETTER 12

Mr. Andrew Romegialli  
Directing Labor Representative  
Aeronautical Industrial District  
Lodge No. 91  
International Association of Machinists  
and Aerospace Workers, AFL-CIO  
500 Main Street  
East Hartford, Connecticut 06118

Dear Mr. Romegialli:

This is to confirm the understanding and agreement between the Company and District Lodge 91 and its affiliated Local Lodges 700, 707, 1746 and 1746-A concerning technological changes.

It is understood and agreed by the parties that technological changes will help the Company be more competitive in the marketplace, thereby providing enhanced job security. Therefore, the parties will cooperate to minimize the effect that these changes will have on employees.

There will be a joint Union/Management Committee established within the first quarter of the signing of this agreement. The committee will be comprised of four (4) representatives from the Union plus the Directing Labor Representative and/or his designee and four (4) representatives from the Company plus the Vice President, Human Resources, and/or his designee to study the problems arising from technological changes in relation to its effect on employees in the bargaining unit. The joint committee will meet on a quarterly basis.

The Company will meet and discuss with the Union any major technological changes that will be introduced in any plant at least one (1) month prior to instituting technological changes with the intent of minimizing the impact on the bargaining unit. The Union and its representatives will protect the confidentiality of any Company sensitive and proprietary information that might be disclosed in such briefings. In the unforeseeable event that the introduction of new technology will result in the Company's intention to close a plant or eliminate a business unit, the terms of Article XXVII will apply, including non-arbitrability.

If as a result of technological changes training is required, the Company will provide the training it determines to be necessary to the affected employees on Company time.

This letter does not negate, amend or modify any other provision of the current collective bargaining agreement.

Sincerely,

James E. McMahon  
Vice President – Human Resources

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## **2b. Language on Training with New Technology**

*Teledyne Ryan—UAW 12*

### ***TECHNOLOGY:***

An opportunity will be provided for all employees to become qualified to perform new skills which appropriately fall within the guidelines of the classification and/or trade involved.

Training for these new skills will be provided in whatever manner is deemed appropriate by Management. Every effort will be made to conduct in-plant training during regular working hours.

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### **3. Joint Union-Management Committees**

#### **3a. Language Establishing a Joint Committee on Safety**

**Boeing - IAM**

*Master*

#### **ARTICLE 16**

*Health And Safety*

##### **Section 16.1 Mutual Objective.**

<p>It is the objective of both parties to this Agreement to maintain high standards of occupational health and safety in the plants of the Company and to provide a positive climate for addressing all health and safety issues. The Company, in cooperation with the Union, will provide programs and systems which seek to prevent and eliminate as far as possible industrial injuries and illnesses.</p>
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##### **Section 16.2 IAM/Boeing Health and Safety Institute.**

The IAM/Boeing Health and Safety Institute is established to address occupational health and safety issues which impact employees within the bargaining units.

**16.2(a) Governing Board.** The Institute shall be directed by a Governing Board consisting of four (4) representatives of each party. The Union's representatives shall be appointed, in writing, by the Union's Corporate Coordinator. The Company's representatives shall be appointed, in writing, by the Vice President of Union Relations. The Governing Board shall meet at least quarterly and shall select from among its members a chairman who shall serve a one-year term. The chairmanship shall rotate between the parties. The Governing Board shall have overall responsibility for directing the Institute. The Site Committees and the Hazard Communication Team shall report to the Governing Board through the administrative staff established under 16.2(b). The Institute's activities may include: develop and facilitate delivery of health and safety training programs; participate in the evaluation of employee exposure to potentially hazardous materials; participate in the review and evaluation of protective clothing and devices; retain independent experts; maintain communication between the employees and the Company, host an annual meeting of all representatives, Committee members and administrative staff; and perform such other functions related to occupational health and safety which are agreed to by the representatives.

**16.2(b) Administrative Staff.** There shall be a full-time, dedicated administrative staff consisting of three (3) individuals named by each party, for a total of six (6). The staff

shall perform such functions as determined by the Governing Board, including the day-to-day operations of the Institute.

**16.2(c) Joint Health and Safety Communication Committee.** The Joint Health and Safety Communication Committee shall be comprised of one (1) representative of each party from each of the nine (9) Site Committees and one (1) administrative staff from each party. The purpose of this Committee is to carry out those functions directed by the Governing Board; to make recommendations to the Governing Board for the maintenance of appropriate occupational health and safety practices; and to review any matters referred to it by a Site Committee. The Committee shall meet at least monthly and shall select from among its members a chairman and secretary, from the opposite party, who shall serve a half-year term. The chairmanship and secretary of the Committee shall rotate between the parties.

Minutes of all meetings, tours and recommendations shall be forwarded to the Governing Board, Committee members, the senior operations site managers, and the Health and Safety Institute office for review and/or action.

**16.2(d) Site Committees.** Site Committees shall be established at the Auburn Site, Developmental Center Site, Everett Site, Kent Site, Plant II Site, Portland Site, Renton Site, Spokane Site and Wichita Site, and shall be comprised of five (5) representatives selected by the Union, one (1) of whom shall be the health and safety focal point for that site and one (1) alternate, and five (5) Company representatives, one (1) of whom shall be the Safety manager for that site or an appropriate number of representatives as approved by the Board. Each Site Committee shall meet at least monthly and shall select from among its members a chairman and secretary, from the opposite party, who shall serve a half-year term. The chairmanship and secretary shall rotate between the parties. Minutes of all meetings, tours and recommendations shall be forwarded to the Committee members, the senior operations site manager, and the Health and Safety Institute office. Each Site Committee shall be responsible to carry out those functions as directed by the Governing Board as coordinated by the administrative staff. Each Site Committee also shall make a monthly tour of its site to determine compliance with appropriate occupational health and safety practices and to gather information as may be determined necessary by the Site Committee. Such tours shall be conducted as efficiently as possible and time spent in each instance shall be kept to the reasonably necessary minimum.

**16.2(e) Hazard Communication Team.** A Hazard Communication Team shall be established consisting of four (4) representatives of each party. The Union's representatives shall be three (3) individuals who are knowledgeable about hazard communication issues and one (1) administrative staff member. The Company's representatives shall be personnel from Company Health and Safety, Boeing Material Technology and Manufacturing Research and Development and one (1) administrative staff member. The Team shall meet at least monthly and shall select from among its members a chairman who shall serve a half-year term. The chairmanship shall rotate between the parties. The Team shall be under the direction of the Governing Board as coordinated by the administrative staff, and shall be responsible for reviewing the



occupational health and safety effects resulting from changes in machines, processes or materials, staying current with Company/industry manufacturing trends and providing information and communications to employees.

**16.2(f) Employee Participation.** The Governing Board, the administrative staff, the Joint Health and Safety Communication Committee, a Site Committee or the Hazard Communication Team may utilize the expertise of bargaining unit employees either as advisors or as representatives on the joint Health and Safety Communication Committee, or on a Site Committee. Time spent by these individuals in such capacities shall be considered to be paid work time. In addition, no bargaining unit employee who has served as an advisor or representative shall be subject to discrimination or retaliation because of such activities.

**16.2(g) Expenditure of Funds.** The Company shall spend in each year four (4) cents for each bargaining unit compensated hour, but not less than four (4) million dollars per year, in support of the Institute's activities.

**16.2(b) Indemnity.** The Company shall indemnify and hold the Union and its representatives harmless from and against any and all claims, demands, charges, complaints or suits against them which are based on or arise out of any action taken by them in accordance with the foregoing provisions of this Section 16.2.

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### **3b. Language Establishing a Joint Committee on Apprenticeships**

**McDonnell Douglas—IAM 837**

#### **Section 22**

A separate classification for seniority purposes will be established for each of the apprentice programs, i.e. Machinists-AII Around and Tool & Die Makers. The above apprentice programs shall be indentured. Any employee who, in the unanimous opinion of the Apprenticeship Administration Committee, does not progress satisfactorily at any time during his apprenticeship will be returned to his former job. Also, an employee with good reason will be permitted to return to his former job at his request during the time of his apprenticeship. Seniority in another classification held by the employee at the time he enters the program will be held in reserve until the employee leaves or completes the apprenticeship program. Upon completion of the program the employee shall carry into his Journeyman classification any seniority he has in reserve, plus the seniority he has accumulated while in the program. In the event of layoff in an apprenticeship classification, the employee with the least amount of time spent in the program shall be laid off first. If more than one employee has the same amount of time in the program, the employee with the least amount of Company seniority shall be laid off first. Utilizing

total Company seniority, apprentices may be moved back to their former or another classification at time of layoff, subject to contract provisions.

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### **3c. Language Establishing a Joint Committee on Training**

#### **Boeing - IAM**

##### *Master*

**203(b) Joint Training Policy Board.** A Joint Training Policy Board shall be established comprised of three (3) representatives of each party. The Board shall have responsibility for: ( 1) providing overall direction of the Quality Through Training Program; (2) acting on the recommendations of the Joint IAM/Boeing Training administrative staff and providing oversight to the staff; and (3) determining the expenditure of funds provided by Section 20.3(f), including determining the extent to which such amounts should be expended on paid-time training for employees who may be impacted by technology changes and job combinations.

**20.3(e) Joint IAM/Boeing Training Administrative Staff.** A Joint IAM/Boeing Training Administrative Staff shall be established, comprised of five (5) individuals named by each party. At least one (1) representative of each party shall be from the Wichita Primary Location. The staff will develop recommended training programs, including (1) identify areas of skills which will be required by the Company in the future and develop courses to provide those skills; (2) establish career development programs so that participants can become aware of growth opportunities, identify their personal goals and create action plans to reach those goals; (3) develop criteria for selecting candidates for training; (4) establish criteria to determine successful completion of the courses; (5) develop a system to record successful completion for future consideration; and (6) develop a system to accomplish referrals between Primary Locations. The recommended training program will be developed, to the extent feasible, to be compatible with the Company's existing training programs. The staff will also have responsibility for:

- a) reviewing and making recommendations regarding training delivery systems (e.g., technical schools, community colleges, home study programs, in-plant training centers, etc.) available to be used by the Company,
- b) evaluating the effectiveness of such training programs and courses and the delivery systems utilized,
- c) developing a program to inform active and laid off employees about the availability and purpose of the training programs and encouraging employees to participate in and successfully complete the available training, and

- d) investigating the availability of state and federal funds which could be used to augment the training effort.

In addition to developing training programs for laid off employees to enable them to become better qualified for employment by the Company, the staff also will consider special programs to assist laid off employees in career counseling, job placement and relocation assistance for non-Boeing jobs.

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### **3d. Language Establishing a Joint Committee on Sourcing and/or Subcontracting**

**Merryl Lynch—UAW842**

Mr. David T. Mills  
Pangborn Unit Chairman  
Amalgamated Local #842  
Hagerstown, MD 21740

Dear Sir:

This letter is in response to your request for a statement of Pangborn's policy with respect to contracting out work.

It is our policy to perform in our own shops, with Pangborn employees, all the work which they have normally done in the past, whenever it makes good business sense. There are circumstances which could arise which make it necessary to contract out. Some of these circumstances are listed below:

- 1) In order to maintain a stable work force it is necessary that some work be contracted out when the peak workload is beyond the capacity of our normal work force. This is done primarily to meet delivery dates and meet customer requirements.
- 2) There are occasions when the work to be done requires equipment not available in our shops.
- 3) In the case of maintenance and construction work we have the same capacity problem. The maintenance force is geared to handle normal maintenance. A temporary surge of work might conceivably require contracting out rush jobs. Lack of proper equipment skills or licenses may also require this. With respect to new construction, the assignment or maintenance mechanics would delay the normal maintenance and repair of production equipment. Therefore as a general

practice, new construction of a substantial nature would necessarily be contracted out.

The nature of Pangborn's business requires many make or buy decisions and decisions to contract out work to meet customer's requirements. These decisions are made within the policy outlined in this letter. Whenever a decision to contract out work would be detrimental to the employees of the bargaining unit, the company will notify and meet with the Unit Chairman and the Shop Committee to discuss the matter and consider any suggestion the Committee may have prior to subcontracting in the plant.

Sincerely,

R. V. Klinger  
Vice President, Human Resources & Administration

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### **3e. Language Establishing a Joint Committee on Employee Involvement and/or Worker Participation**

#### **Pratt & Whitney—IAM 971**

LETTER XXXII

Mr. Frederick W. Thorpe, Jr., President  
Seminole Lodge 971  
International Association of Machinists  
and Aerospace Workers  
P. O. Box 968  
Jupiter, FL 33468

Dear Mr. Thorpe:

In an effort to improve the hourly job review process, and to encourage employee involvement and better communications, the following guidelines have been established:

- 1) Meetings to initiate a job review process will be conducted by a Human Resources Representative with job incumbents and department management. In addition, the union Job Evaluation Committeeman will be invited to attend. The intent is to provide an overview of the job review process and Hourly Job Rating Plan, and elicit participative involvement of employees and their management.
- 2) Subsequently, supervisors will meet with their employees (incumbents) to review the existing job write-up(s) as it compares to the current job function. A team of

management and hourly employees may utilize the Job Profile Process to facilitate the identification of job duties, responsibilities and associated tasks. All input should be specific and include any changes or additions that are not covered in the existing job description and represent the ongoing, established requirements of the current job function.

- 3) All input will be reviewed and validated by department management, Human Resources and the union Job Evaluation Committeeman. Following this review, a decision will be made if a formal job evaluation is warranted.
- 4) After agreement to conduct a job evaluation, on-the-job observations, coupled with all input will result in the preparation of a preliminary draft of the proposed job description(s). Supervision and employees will then review the write-up(s) for accuracy, and provide any additional input that reflects the current established functional requirements of the subject job. Concurrently, the preliminary draft(s) of duties will be submitted to the union for review. The union shall respond within 30 days of submission with issues of concern if any.
- 5) Once all input has been received, preparation of the final job description(s) will begin. This will be accomplished within 90 days unless circumstances warrant a mutually agreed upon extension.

Very truly yours,  
PRATT & WHITNEY

W. V. Panetta  
Vice President, Human Resources

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### **3f. Language Establishing a Joint Committee on Other Topics**

#### **McDonnell Douglas—IAM 837**

##### SUPPLEMENTAL UNDERSTANDING #27

##### Joint Committee On Health Care Cost And Quality

The Company and Union share a deep concern about the cost and quality of health care for employees and their families. Together they have witnessed the cost of health care benefits take an ever increasing share of employees' total compensation as well as having experienced the difficulty of change from self-directed health care referral to managed health care. Therefore, the parties agree to establish a joint committee on health care cost and quality. The committee shall

meet with health care providers on at least an annual basis to express the parties' interest in obtaining quality health care at affordable prices.

The Committee will consist of the Manager, Employee Benefits (MDA, East), the Union's Benefit appointee, who shall jointly chair the Committee, and an equal number of representatives from the Company and Union as mutually agreed upon by the Chairs.

Among the responsibilities of the Committee will be:

- 1) Annually review cost projections for providers;
- 2) Annually review quality accreditation status of managed care providers; the parties agree that all HMO's and POS's made available to enrollees will be required to apply for accreditation by a mutually agreed upon group, such as the National Committee for Quality Assurance (NCQA) or the Utilization Review and Accreditation Committee (URAC).
- 3) Reviewing patterns, practices and administrative services in any Company - sponsored health plan.
- 4) Exploring pilot programs, individually or in concert with other payors, to develop relationships with high quality, cost effective providers and to encourage enrollees use of such providers.

The Committee will meet at least annually by mutual agreement. The Company will provide such resources needed to carry out the work of the Committee, including meeting space, reasonable consulting fees for outside expertise normally utilized by the Company, and printing and distributing of material deemed mutually beneficial.

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**Pratt & Whitney—IAM 700**

LETTER 22

Mr. Andrew Romegialli  
Directing Labor Representative  
Aeronautical Industrial District  
Lodge No. 91  
International Association of Machinists  
and Aerospace Workers, AFL-CIO  
500 Main Street  
East Hartford, Connecticut 06118

Dear Mr. Romegialli:

This is to confirm the following understanding and agreement between the Company and District 91 and its affiliated Local Lodges 700, 707, 1746 and 1746-A, concerning the Executive Steering Committee, effective December 4, 1995.

This will confirm the agreement and understanding reached at our recent contract negotiations concerning the Executive Steering Committee.

The parties agree to continue the Executive Steering Committee to communicate with each other concerning the issues of job security, productivity, work force flexibility, training and cost reduction on an ongoing and regular basis.

The Union members of the Executive Steering Committee shall be the Directing Labor Representative and the Assistant Directing Labor Representative of District 91. The Company members of the Executive Steering Committee shall be Pratt & Whitney's Executive Vice-President for Operations and the Vice-President of Human Resources for Operations.

The Executive Steering Committee shall have access to information concerning financial results, partnership and offset agreements, part manufacture authorizations, scheduling, staffing plans affecting the bargaining unit and other such information, as mutually deemed relevant by the parties. The Union members of the committee agree to keep the above information confidential and if the Company has reasonable cause to determine a breach of confidentiality has occurred, access to such information may be withdrawn.

The Executive Steering Committee shall meet on a monthly basis to review issues relate to job security, productivity, cost reduction, work force flexibility and training and other issues relative to the Letter of Agreement signed by the parties concerning the investigation of an Innovative Work Organization. The Committee shall be responsible for overseeing joint efforts in all areas and may create other committees with management and Union representatives to develop and implement programs to achieve the above objectives.

Sincerely,

James E. McMahon  
Vice President, Human Resources

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## 4. Work Teams

### 4a. Language on the Structure and Operation of Work Teams

### 4b. Language on Job Rotation and Cross-Training within Teams

### 4c. Language Providing for Hourly Team Leaders/Coordinators

### 4d. Language on Team Leader/Coordinator Selection

Rockwell—UAW

## ARTICLE XXVII

### Employee Involvement

During the negotiations, the United Aerospace Workers' and Rockwell International discussed the ever increasing challenges in the global marketplace and examined prior experience with employee involvement efforts. There is mutual recognition by both parties that the challenges in the marketplace will continue requiring fundamental changes in the workplace and that we need to jointly take steps to significantly increase and expand implementation of effective employee involvement efforts.

This is firmly based on the belief that the success of Rockwell businesses in the challenging global marketplace, is fully dependent on its employees. Also, that all employees want to be involved in decisions that affect them, care about their jobs, what customers expect, care about each other, take pride in themselves and in their contributions and want to fully utilize their skills and abilities and share in the success of their efforts.

#### A. PURPOSE

- The purpose of implementing effective employee involvement in the businesses is to work together to create a customer-focused workplace so that our customers are continuously delivered the highest quality and best value product and services while serving the interest of employees by protecting job security and employee wages.

<p>It is mutually agreed that the opportunity of achieving a highly effective employee involvement and a customer focused workplace is enhanced when the union and the businesses jointly work to:</p>
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- Involve employees individually and/or through teams in the identification and solution of quality and production problems for customers.
- Create a work environment that promotes teamwork, mutual trust and respect, equality, honest and open communications, job satisfaction, job security, innovation, growth, rewards and recognition.



- Seek methods and processes that involve employees in improving the way work is performed so that more skills and abilities are effectively utilized without breaking contractual agreements. In this manner, improvements can be made in operating effectiveness for customers and result in more job satisfaction.
- Develop self-directed teams who have clearly defined goals and tasks with more authority and responsibility.
- Explore approaches which will help increase team stability while protecting existing employee rights.
- Educate employees to better understand customer needs and company goals.
- Plan and implement individual and group employee training, retraining and development opportunities to enhance the dignity and on-the-job skills and abilities of employees which can lead to greater job security and personal development.
- Successfully implement Employee involvement approaches so that decisions are made at the lowest practical level thus speeding up decision-making processes required by customers, also resulting in reducing redundant activities and allowing greater time for employees to focus on ways to improve work processes.
- Use improved work processes not for the purpose of reducing employment, but to grow the businesses and therefore, enhance job security.

#### JOB COMBINATIONS/ELIMINATIONS

There is also mutual agreement that each business has accepted the challenge to meet their commitment to employee involvement by putting together their needs for job combinations/eliminations that meet their current situation and work requirements.

In addition, both parties recognize the fact that there will be opportunities in the future for applying employee involvement concepts to best utilize these opportunities along with the resulting job classification changes.

#### JOINT EXECUTIVE COMMITTEE

The parties agree that the appropriate facilitating mechanism to guide the successful implementation of employee involvement and for other agreed upon joint activities is a joint executive committee.

It is agreed the co-directors of a joint executive committee will be:

- The Director of the UAW National Aerospace Department
- Rockwell's Aerospace and Defense Vice President of Human Resources

Each will appoint an equal number of persons from their respective organizations as members of the Executive Committee.

The Executive Committee will actively direct and support joint employee involvement efforts, the joint Employee Involvement Training Organization (EITO) established in the 1990 agreement and other joint committees and activities as may be mutually agreed to by the Union and the Corporation.

The duties and responsibilities of the Executive Committee will include, but not be limited to, the following:

- Monitoring and overseeing all existing and new employee involvement efforts and agreed upon joint programs.
- Setting policies and providing guidelines.
- Support and encourage employee involvement efforts through education, training and the issuing of materials with guidelines and suggestions for successful local implementation.
- Actively direct, support and provide general direction and guidance to and establish policy for the joint employee training organization (EITO).
- Keeping UAW leadership and Corporate management informed of joint union/management activities and the progress of the National and Local Committees which are described below in achieving their objectives.
- Appoint two senior level individuals who will be responsible for assisting in guiding the effective implementation of the overall employee involvement efforts. One will be from the Union and one from the Company. They will be agreed upon and responsible to the Executive Committee.

#### NATIONAL COMMITTEE

The Rockwell Aerospace and Defense Vice President of Human Resources and the Director of the UAW National Aerospace Department will appoint an equal number of representatives from their organizations to serve on a joint National Committee. They will appoint persons holding the following positions:

- UAW Regional Directors
- Local Union Presidents
- Division Presidents
- Division Vice Presidents of Human Resources

Additional persons may also be appointed with the mutual approval of the co-directors of the Joint Executive Committee.

The duties and responsibilities of the National Committee will include, but not be limited to, the following:

- Review progress and status of existing and new employee involvement efforts, joint training programs and all other joint committees and activities.
- Support and encourage new employee involvement and other joint efforts.
- Share appropriate business and joint activity information.
- Suggest ways to continuously improve employee improvements and other joint activities.
- Meet at least once a year.

#### LOCAL JOINT COMMITTEE

During negotiations, the parties discussed the need to focus the responsibility for all local employee involvement and other agreed upon joint activities in the businesses on those individuals who have primary responsibility for their success and to enhance their effectiveness through joint planning and implementation, improved information sharing, priority and goal setting and resource allocation.

Accordingly, the parties agree that the appropriate local facilitating mechanism for all local employee involvement efforts and mutually agreed upon joint activities is the Local Joint Committee consisting of the:

- Local Union Bargaining Committee Chairperson and members of the Bargaining Committee
- General Manager
- Vice President of Human Resources
- Other designates jointly agreed upon by the General Manager and Local Union Bargaining Committee Chairperson.

The Director of the UAW National Aerospace Department, Local Union Presidents and/or their representatives, should be fully involved regarding joint activities including actions of the Local Joint Committee.

The duties and responsibilities of the Local Joint Committee include the following:

- Recommend union and management employee involvement facilitators to be selected by the Co-Directors of the Joint Executive Committee.
- The successful implementation of employee involvement and mutually agreed upon joint efforts.

- Monitor and evaluate the performance and results of employee involvement efforts and other agreed upon joint activities and provide positive recognition and/or corrective direction as required.
- Regularly exchange information on the business and communicate appropriate information to all employees.
- Establish criteria used for team leader selection when appropriate and for alternate team leaders where applicable.
- Agree on any consultants utilized to assist in employee involvement efforts, subject to the Executive Committee's approval.
- Keep UAW/Corporation leadership including the Joint Executive Committee and the National Committee informed of the status and progress of employee involvement efforts and other joint activities.
- Present to the Joint Executive Committee any request for modification of the contract as may be agreed upon locally by the Local Joint Committee.

#### TEAM LEADERS

Where there are integrated bargaining unit and salary teams a union team leader will be elected by the union team members. Also, in all bargaining unit teams the union team leader will be elected by the union team members by plurality vote.

#### NATIONAL AGREEMENT CHANGES AND/OR WAIVERS

It is agreed that it may be beneficial for local unions and local managements to consider alternative work schedules, the way tasks are performed, the way teams are formed and other changes at particular business locations. It is further agreed that in order to facilitate and encourage each innovation, it may be necessary to change and/or waive certain provisions of the Master Agreement at such business locations. It is understood that any such change or waiver would be requested by the Local Joint Committee to the Joint Executive Committee and will not be effective unless approved in writing by the Corporation and the National Aerospace Department, and such changes would be effective only at the business location(s) specifically designated.

#### EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

There is clear, mutual recognition that success in the competitive global marketplace is dependent in large measure upon the continuous training, education, development and learning of its employees. This was recognized in the 1990 UAW-Rockwell Aerospace Workers' Contract Agreement which created a joint UAW-Rockwell Employee Involvement Training Organization. It was established to provide employees a diverse

range of opportunities for technical and high performance union/management, team-based training. It was directed as outlined in Article 27 of that Contract, by the joint Employee Involvement Steering Committee—Senior level.

The parties pledge to provide the resources necessary to assure that employees receive training and development opportunities in order to produce a highly motivated, capable workforce that continuously improves its own and Rockwell's ability to succeed in an increasingly competitive global marketplace.

#### PRINCIPAL OBJECTIVES AND RESPONSIBILITIES OF THE JOINT TRAINING ORGANIZATION

Outlined below are the principal objectives and responsibilities of the organization. These descriptions are intended to be illustrative and not necessarily all inclusive. They may be revised, added to or otherwise modified as the Executive Committee may mutually agree.

- Provide individual and group training, retraining and developmental opportunities to upgrade/sharpen present job skills and abilities of employees which can lead to greater job security, personal development, improved performance and effective employee involvement efforts.
- See ways for arranging, and in some cases providing, for training, retraining and development assistance for employees displaced by new technologies, new production techniques and shifts in customer product preference.
- Provide local business training support for implementing employee involvement efforts.
- Provide opportunities for the training and the exchange of ideas and innovations with respect to employee development and training needs within the framework of job requirements and union/management relations.
- Support local business initiatives dedicated to the expansion of developmental activities for employees which would include continuous improvement in quality, training, high performance union/management team-based training and basic literacy training.

#### SUMMARY 29

While change is difficult, we jointly understand that in the current, highly competitive, constantly changing global marketplace in which we are engaged, we must continue to change to create a workplace so that our customers are continuously delivered the highest quality and best value product and services while serving the interest of employees by protecting job security and employee wages. We cannot afford to let obstacles stand in our way of successfully implementing employee involvement efforts which assist us in this endeavor.

Employee involvement is our jointly designed effort to transform our respective roles, satisfy our customers better than any competitor, and ensure our mutual success. The parties recognize that this continuing historic endeavor depends upon the ability of employees and the Company to grow and prosper.

(The provisions of this article apply only to those teams mutually agreed to by the union and management.)

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## **5. Movement Across Operations**

### **5b. Language on employee transfers to new locations within the company due to a reduction in force**

**Pratt & Whitney—IAM 700**

#### **Section 20.**

- a) In the event the Company transfers any part of an operation, cell, or department between plants or within a plant covered by this Agreement, the affected employees in the affected operation, cell, or department where the work was being performed for 90 calendar days prior to the transfer announcement, will be given the opportunity to move with that work if other like work is not available in the affected plant.
  - b) In the event that such affected employees decline to exercise an offer to move with the transferred work, any resulting imbalance in the work force shall be adjusted as provided elsewhere in this Article.
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### **5e. Specific Guarantees on Maintaining Seniority upon Transfer to New Locations within the Company**

**Pratt & Whitney—IAM 700**

#### **Section 12.**

- a) If any person is transferred from any plant or facility operated by Pratt & Whitney (Commercial Engine Business, Operations, or Government Engine Business) or by Power Systems Division-International Fuel Cells Corporation or any Hamilton Standard unit represented by Local Lodge No. 743 of the I.A.M.A.W. into the bargaining unit covered by this agreement, or from one noninterchangeable occupational group or from one seniority area to another noninterchangeable occupational group or area within the bargaining unit, his or her seniority in the bargaining unit shall include his or her total length of continuous service with Pratt & Whitney or Power Systems Division-International Fuel Cells Corporation or any Hamilton Standard unit represented by Local Lodge No. 743 of the I.A.M.A.W. except as provided in (b) of this Section.
- b) For the purposes of layoff only, and except as provided in Sections 1 (b) and 4(a) of this Article, an employee demoted or laterally transferred from one noninterchangeable occupational group or from one seniority area to another shall

have his or her seniority transferred to the noninterchangeable occupational group and seniority area to which he or she is transferred ninety (90) calendar days after the date on which the transfer becomes effective.

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## **6. Outsourcing and Subcontracting**

### **6a. Language Requiring Advance Notice by the Company to the Union on Outsourcing/Subcontracting Actions**

**Northrop Grunman—UAW 648**

#### **ARTICLE XVII**

Subcontracting And Major Maintenance Or Facilities Construction Work

##### SECTION 1. NOTICE

- a) The Company agrees, whenever reasonable and practicable, to use its maintenance employees to perform major maintenance work and facilities construction work. Due consideration will be given to employees on the layoff list in performing these tasks.
- b) Each month, the Vice President of Human Resources or his designated representative will advise the Chairman of the Plant Grievance Committee and the shop committeeman representing maintenance employees of the reasons and desirability for subcontracting facilities construction and major maintenance work. The Union representatives will be advised by the Company of the time and place of such meeting. Both Parties agree that this arrangement does not give the Union or any arbitrator the power to veto or modify the Company's right to subcontract major maintenance and facilities construction work, nor will it prohibit the Union's right to file and process a grievance, in accordance with Article V of the Agreement.
- c) The Company agrees, after it has subcontracted out major maintenance and facilities construction work, to advise the Union of such action on a weekly basis.

##### SECTION 2. USE OF MAINTENANCE EMPLOYEES

- a) It was agreed during the 1962 contract negotiations that under the provisions of Article XVII, Section 1, it will be deemed reasonable and practicable to use maintenance employees in lieu of subcontracting maintenance and facilities construction work when the following conditions exist:
  - 1) The particular skills involved for the complete operation are immediately available either on the active payroll or on the layoff list.
  - 2) The Company has the specialized equipment required to perform the operation.

- 3) No economics can be realized or the operations are repetitive in nature, such as janitorial work.
- 4) The volume or type of work does not preclude the completion within the time limits required.
- 5) The work being subcontracted is not in accordance with past practices of the Company.
- 6) The use of maintenance employees is not contrary to the control requirements of the cognizant military or government civilian agency.
- 7) If there are employees on layoff classed as painters, welders, carpenters, general maintenance mechanics, plumbers, refrigeration mechanics, sheet metal mechanics, and/or machine repair mechanics, and the Company lets a contract calling for more than sixty (60) days of continuous work of the above crafts, the Company agrees to recall the same number of employees in each craft as used by the contractor and retain them until the job is completed. The more than sixty (60) days of work is applied only to the single contract.

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## **6b. Language Requiring the Company to Bargain with the Union over the Impact of a Pending Outsourcing/Subcontracting Action**

### **Pratt & Whitney—IAM 700**

#### Section 1. Notice

- a) The Company agrees, whenever reasonable and practicable, to use its maintenance employees to perform major maintenance work and facilities construction work. Due consideration will be given to employees on the layoff list in performing these tasks.
- b) Each month, the Vice President of Human Resources or his designated representative will advise the Chairman of the Plant Grievance Committee and the shop committeeman representing maintenance employees of the reasons and desirability for subcontracting facilities construction and major maintenance work. The Union representatives will be advised by the Company of the time and place of such meeting. Both Parties agree that this arrangement does not give the Union or any arbitrator the power to veto or modify the Company's right to subcontract major maintenance and facilities construction work, nor will it

prohibit the Union's right to file and process a grievance, in accordance with Article V of this Agreement.

- c) The Company agrees, after it has subcontracted out major maintenance and facilities construction work, to advise the Union of such action on a weekly basis.

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## **6c. Language Prohibiting or Limiting Layoffs Due to Outsourcing or Subcontracting Actions**

### **General Electric—IAM 912**

#### **D. Subcontracting of Trades Work at Plant Location**

##### **1. NOTICE**

The Company will give notice to the Local of its intent to subcontract trades, where the work will be done by a subcontractor at the same plant location or elsewhere and there is no decrease in the number of represented employees performing such tradeswork, before finalization of the proposed action provided that the work is of a nature that is normally performed by trades workers (maintenance, tool & die, and other similar classifications). Notice will not be required in emergency situations.

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## **6d. Language Requiring the Sharing of Cost Data Associated with Outsourcing/Subcontracting Decisions**

### **Pratt & Whitney—IAM 700**

#### **LETTER 23**

Mr. Andrew Romegialli  
Directing Labor Representative  
Aeronautical Industrial District  
Lodge No. 91  
International Association of Machinists  
and Aerospace Workers, AFL-CIO  
500 Main Street  
East Hartford, Connecticut 06118

Dear Mr. Romegialli:

This is to confirm the following understanding and agreement between the Company and District 91 and its affiliated Local Lodges 700, 707, 1746 and 1746-A, concerning workplace guarantees and subcontracting, effective December 4, 1995.

The Company agrees during the life of this agreement that it will continue to employ bargaining unit members at its facilities in East Hartford, Middletown, North Haven and Cheshire.

It is also agreed to by the parties that the Company will make every effort to preserve the work presently and normally manufactured by employees covered by Article II of this agreement. Therefore, it is not the intent of the Company to use subcontractors for the purpose of reducing or transferring work that is presently and normally manufactured by employees in the bargaining unit nor to place such work in Maine or Georgia, except when:

- Temporary vendor assistance is required to meet schedule demands.
- A particular skill and/or specialized equipment is required and not available within the Company.
- The work is not directly related to the manufacture, assembly, test, repair, overhaul, development or inspection of aircraft engines and parts, or other work currently and normally being performed by indirect bargaining unit employees.
- The work is placed outside Pratt & Whitney as a result of partnership agreements, offsets, PMA requirements or joint ventures.
- A product center or similar organization fails to meet established productivity and cost reduction goals for two (2) consecutive calendar quarters.

It is agreed by the parties that a four member joint committee will be established for each product center or similar organization. The membership of this joint committee will consist of the Product Center General Manager, the Manager, Human Resources, a Labor Representative, the President of the applicable local lodge or their designee. The committee will meet on a monthly basis to review any issues arising out of the above, in addition to productivity, training and cost reduction.

Any disputes concerning workplace guarantees and subcontracting are not subject to the grievance procedure including arbitration. If a difference arises over the issues of subcontracting/work place guarantees, productivity, training or cost reduction, it will be referred to and discussed by the Executive Steering Committee at their next regularly scheduled meeting.

In the event an employee is laid off as a direct result of work placed outside Pratt & Whitney to satisfy partnership agreements, offset, PMA requirements and/or joint ventures, the employee will receive the following benefits: contractual severance pay, a \$5,000 lump-sum payment and six (6) months of medical and dental insurance coverage for the employee and his or her dependents (one year coverage if the employee is retirement eligible); however, the insurance coverage shall not be additive.

Sincerely,

James E. McMahon  
Vice President, Human Resources

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## **7. Seniority Rights and Job Movement**

### **7a. Language Allowing for Seniority Preference in Bidding on New Jobs**

#### **Whitaker Corporation—UAW 179**

#### ARTICLE 11

#### Job Posting

##### A. POSTING

1. The Company agrees to post on Company bulletin boards the job titles, rate range, job description, number of openings and job requirements of any new job created and covered hereby or any job vacancy covered hereby which may occur subsequent to the effective date of this Agreement and which is expected to last for a period of more than thirty (30) days. Such posting will be made at least two working days before the job is filled.
2. No job vacancy will be posted during the restoration of forces until such time as all employees who were removed from such job due to layoff have been offered an opportunity to return to such job in accordance with Article 10, Seniority, of this Agreement.
3. The Company agrees to place one bulletin board between the men's and women's restrooms and a bulletin board adjacent to the lower shop at the facility location at 12838 Saticoy Street, North Hollywood.
4. The Company shall not be required to post the lowest labor grade per this Agreement.

##### B. BIDDING

1. An employee will be eligible to apply for such posted job only if he is not currently serving in a probationary or trial period in his present classification.
2. Employees applying for such job openings must apply in writing on their own time on a form to be provided by the Company.
3. An employee scheduled for a paid vacation may file a written application for a specific job classification with the Industrial Relations Department the work day prior to leaving on vacation. Such application shall be considered as a valid bid should an opening occur in the specific job applied for, and shall remain valid only for that period of time the employee is on approved vacation.

## C. SELECTION

1. All related capability, experience, training, and performance of all candidates, as demonstrated in the employ of the Company or verified to the Company's satisfaction, is considered in making a selection. When such characteristics of two or more applicants are judged to be equal, selection is made on the basis of applicant's plant-wide seniority. Training received by any candidate as a result of a temporary transfer or reassignment will not be used as a basis for selection unless such training has been available to other candidates.

The Company will consider bids from employees in Labor Grades rated equal to, lower than, or greater than that posted.

2. If none of the applicants is qualified to fill an opening, the Company may fill the opening from other sources. In the event the job opening is not filled within ninety (90) days of the date of the original posting, and the Company continues to seek a qualified job applicants, the job shall be posted in accordance with Section A. 1 of this Article 11.

When an applicant is selected, the Company shall notify each unsuccessful bidder in writing, the reason why they were denied the job, and post the name of the employee awarded the job by posting the name of the successful bidder on the bulletin board. The grievance chairman will receive a copy of notification of the successful bidder.

3. Applicants selected to fill such job openings shall be given a trial period not to exceed sixty (60) calendar days, as determined and posted by the Company.

Should an applicant qualify on the job in thirty (30) calendar days or less from the date of assignment, he will be promoted retroactive to the date of assignment to the new job. If he qualifies after thirty (30) or more days, he shall be promoted when qualified.

If a selected applicant proves incapable of satisfactorily performing the job at any time during the trial period, he shall be allowed to return to his former classification and rate.

4. Upon successful completion of the trial period, the applicant shall receive the minimum rate of the job which he is performing or ten (10) cents per hour more than his current straight-time rate, whichever is greater, but in no event will receive more than the maximum of the rate range of the job. Should the applicant qualify in thirty (30) calendar days or less, as stated in Section C3 above, such increases will be retroactive to the date of assignment. Qualification after thirty (30) calendar days cited in C3 above, results in no retroactive pay. In the event that an applicant has previously held the job with the Company, he shall receive

the rate for the job at the time he is assigned to such job and shall not be required to complete a trial period.

5. If an employee terminates or fails to qualify during his trial period, or if additional job openings arise for the same classification, the Company will fill the job(s) from among the original qualified applicants in accordance with paragraph C1 and C2 above, without being required to again post for thirty (30) days since the original posting.

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## **7b. Language Establishing a Bumping Procedure During Periods of Layoff**

### **General Electric—IAM 912**

- a. When a classification is affected by a surplus or displacement, employees in the affected classification(s) may request a voluntary lay-off. Requests will be considered by seniority within a classification with the highest rated affected classification given priority. Employees placed on such voluntary lay-off status will only be offered recall to; the classification held at the time of lay-off, an equally rated classification or a higher rated classification. The request must be made at the Employment Office by the close of business on the Wednesday following the announced lack-of-work.

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## **7c. Language Allowing for Seniority Preference in Temporary Layoff or Permanent Reduction in Force**

### **General Electric—IAM 912**

- 1) Employees affected who have seniority will be considered for transfer or layoff as follows:
  - a) They may transfer to an open job in their present classification or an open job in a classification that is cross-bumpable with their present classification;
  - b) If no such open job exists, they may displace the shortest service employee in their present classification or the shortest service employee in a classification that is crossbumpable with their present classification;



- c) (1) If their seniority or qualifications or both do not permit them to displace an employee as described above, they may fill an opening in a lower-rated classification that they previously held or an opening in a lower-rated classification that is cross-bumpable with the classification that they previously held;
- (2) Employees with rights to two equally rated lower classifications which are not cross-bumpable shall fill the oldest open requisition by date in the two classifications (posted manufacturing requisition or "P" requisition). On open requisitions with the same date such employees shall have their option unless the application of this section shall create a surplus in one classification and allow an opening to remain in the other classification;
- d) (1) If their seniority or qualifications or both do not permit them to fill an opening as described in 2.c. above, they will displace the shortest service employee on a job in a lower-rated classification that they previously held or the shortest service employee in a lower-rated classification that is cross-bumpable with the classification that they previously held;
- (2) Employees with rights to two equally rated lower classifications which are not cross-bumpable, shall displace the shortest service employee in the two classifications;
- e) Any employee so displaced will be subject to the same entire lay off procedure as the affected employees above;
- f) Employees who are to be transferred to a lower-rated classification due to lack of work, may elect to be laid off for lack of work if such lower-rated classification is more than two job rate steps below the job rate of their current classification. An employee who elects such a voluntary layoff will not be offered recall to any classification at or below the rate level of the positions to which he/she was scheduled to transfer at the time of his/her election to be placed on voluntary layoff status.

An employee so affected may change their status by (1) mailing a certified letter to Hourly Placement, GE Evendale Plant, Cincinnati, Ohio 45215, specifying therein the rate level to which he/she will accept recall when offered, or (2) coming to the Hourly Placement office and informing the Placement Specialist of the rate level to which he/she will accept recall when offered. The weekday following the receipt of the certified letter or the visit to the Hourly Placement office, the employee will be eligible for recall to any available unapplied openings to the rate level indicated;

- g) The Toolmaker, Machinist and Bench Repair Parts classifications are established as a family. When it becomes necessary to remove employees from the Toolmaker or Machinist classifications due to a lack of work those employees

affected by the lack of work may bump down into the Machinist or Bench Repair Parts classifications by seniority whether or not they previously held these classifications;

- h) In a lack of work situation in either the Mechanical Maintenance and/or the Diversified Fabricator classifications, employees scheduled to be laid off will be given displacement rights by seniority into the other classification.

EXPLANATORY NOTE: Open requisitions for help will be factored into a reduction in force based on the date and time the approved requisition is received in the Hourly Placement Office. The senior surplus employee will be applied to the oldest requisition for his/her classification on the same shift and so on until all requisitions are exhausted.

Every reasonable effort will be made to maintain a surplus employee's shift in filling open requisitions; however, when all requisitions on the same shift are filled, the remaining requisitions will be filled by applying the then senior surplus employee to the oldest remaining requisition for his/her classification, irrespective of shift, and so on until all requisitions are filled.

When approved open requisitions are received in the Hourly Placement Office after a displacement is published, the displacement as published will be revised by applying the senior employee who is to be downgraded or laid off from his/her classification to the oldest requisition for his/her classification and so on until all requisitions are exhausted. The same shift consideration will be extended as outlined above.

As business needs dictate, the Plant Maintenance and Construction Operation will absorb all surplus maintenance employees who hold classifications utilized in the Plant Maintenance and Construction Operation, or else they will displace by seniority as provided in this Article).

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## **8. Job and Income Security**

### **8a. Language Allowing for Volunteers in a Temporary Layoff or Permanent Reduction in Force**

#### **General Electric—UAW 647**

6. An employee may elect to be placed on a voluntary layoff for lack of work after being given notice of transfer due to a reduction of forces in accordance with (1) above, which would cause the employee's rate of pay to be reduced by more than two steps and when reductions in force would cause the employee's rate of pay to be reduced by more than three steps within a twelve month period. However, such employee election will not be implemented when a revision to the planned reduction made within such notice period, does not cause the employee's rate of pay to be reduced as above.

An employee who elects such a voluntary layoff will not be offered recall to any classification at or below the rate level of the position to which he/she was scheduled to transfer at the time of his/her election to be placed on a voluntary layoff status. An employee so affected may change their status by (1) mailing a certified letter to Hourly Placement, G.E. Evendale Plant, Cincinnati, Ohio, 45215, specifying therein the rate level to which they will accept when offered, or (2) coming to the Hourly Placement office and informing the Placement Specialist of the rate level to which they will accept recall when offered.

The weekday following the receipt of the certified letter or the visit to the Hourly Placement office, the employee will be eligible for recall to any available unapplied openings to the rate level indicated.

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### **8b. Language Providing for Advance Notice Prior to a Temporary Layoff or Permanent Reduction in Force**

#### **Pratt & Whitney—IAM 700**

##### **Section 5.**

Except in an emergency or for reasons or conditions over which the Company has no control, where there are general layoffs for an indefinite period, as much notice as is practicable, but not less than ten (10) days, shall be given in writing to the Shop Committee before the layoff. A list will be supplied indicating the names of the

employees scheduled to be laid off and their seniority status in relation to the remaining employees in the occupational group. The Company on a monthly basis will provide to the Chairman of the Shop Committee a list of the names of laid-off employees who exercised their right of recall.

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### **8c. Language Providing for the Payment of Supplementary Unemployment Benefits to Workers on Layoff**

**Allied Signal—UAW**

#### **AGREEMENT REGARDING SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN**

**Exhibit "C" To Agreement Between Divisions Of AlliedSignal Inc. As Enumerated Herein And International Union, United Automobile, Aerospace And Agricultural Implement Workers Of America (UAW) Effective May 3, 1995.**

#### **AGREEMENT CONCERNING SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN**

<p>Effective as of the 3rd day of May, 1995, AlliedSignal Inc. (as successor to Allied Corporation and The Bendix Corporation) hereinafter designated as the Company, and the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America, UAW, an unincorporated voluntary association, hereinafter designated as the Union, agree as follows:</p>
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#### **EXHIBIT "C"**

#### **AGREEMENT CONCERNING SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN**

#### **SECTION 1. CONTINUATION AND AMENDMENT OF PLAN**

- a) The Company shall continue to maintain the Supplemental Unemployment Benefit Plan which was attached as Exhibit "C" to the Agreement concerning Supplemental Unemployment Benefit Plan between the parties dated May 3, 1995. In addition, the Plan shall be amended May 3, 1995 or the first Monday following the receipt by the Company of the rulings referred to below in Subsection (a) of Section 5, so that it shall read thereafter as set forth in Exhibit "C," "Supplemental Unemployment Benefit Plan," as attached hereto. Thereupon, the provisions of the Plan, as amended, shall be effective with respect to Weeks

commencing on or after May 3, 1995, except as otherwise specified in the Plan, as amended

- b) The Company shall maintain the Plan for the duration of this Agreement, except as otherwise provided in, and subject to the terms of, the Plan.

## **SECTION 2. TERMINATION OF PLAN PRIOR TO EXPIRATION DATE**

In the event that the Plan shall be terminated in accordance with its terms prior to the expiration date of this Agreement so that the Company's obligation to contribute to the Plan shall cease entirely, the parties thereupon shall negotiate for a period of sixty (60) days from the date of such termination with respect to the use which shall be made of the money which the Company otherwise would be obligated to contribute under the Plan; if no agreement with respect thereto shall be reached at the end of such period, there shall be a general wage increase in the amount of the basic contribution rate then in effect, but not less than twenty-four (24) cents per hour to all hourly-rated employees then in the Contract Unit, applied in the manner provided in the Collective Bargaining Agreement for the application of improvement factor increases, and effective as of the date of such termination.

## **SECTION 3. OBLIGATIONS DURING TERM OF AGREEMENT**

During the term of this Agreement, neither the company nor the Union shall request any change in, deletion from, or addition to the Plan, or this Agreement; or be required to bargain with respect to any provision or interpretation of the Plan or this Agreement and during such period no change in, deletion from, or addition of any provision, or interpretation, of the Plan or this Agreement, nor any dispute or difference arising in any negotiations pursuant to Section 2 of this Agreement shall be an objective of, or a reason or cause for, any action or failure to act, including, without limitation, any strike, slowdown, work stoppage, lockout, picketing or other exercise of economic force, or threat thereof, by the Union or the Company.

## **SECTION 4. TERM OF AGREEMENT; NOTICE TO MODIFY OR TERMINATE**

This Agreement and the Plan shall continue in effect until 6:00 p.m., May 3, 1999. They shall be renewed automatically for successive one-year periods thereafter unless either party shall give written notice to the other at least sixty (60) days prior to May 3, 1999 (or any subsequent anniversary date) of its desire to amend or modify this Agreement and the Plan as of one of the dates specified in this Section (it being understood, however, that the foregoing provision for automatic one-year renewal periods shall not be construed as an endorsement by either party of the proposition that one year is a suitable time for such an agreement). If such notice is given, this Agreement and the Plan shall be open to modification or amendment on 6:00 p.m., May 3, 1999, or the subsequent anniversary date, as the case may be. If either party shall desire to terminate this Agreement, it may do so on 6:00 p.m., May 3, 1999, or any subsequent anniversary date by giving written notice to the other party at least 60 days prior to the date involved. Anything herein

which might be construed to the contrary notwithstanding, however, it is understood that termination of this Agreement shall not have the effect of automatically terminating the Plan.

Any notice under this Agreement shall be in writing and shall be sufficient, if to the Union, if sent by mail addressed to International Union, United Automobile Workers of America, 8000 East Jefferson Avenue, Detroit, Michigan 48214, or to such other address as the Union shall furnish to the Company in writing; and if to the Company, AlliedSignal Inc., 20650 Civic Center Drive, P.O. Box 5029, Southfield, Michigan 48086, or to such other address as the Company shall furnish to the Union in writing.

## SECTION 5. GOVERNMENTAL RULINGS

- a) The amendments to the Plan which are provided for in Section 1 of this Agreement and incorporated in Exhibit "C" hereof shall not be effective prior to receipt by the Company from the United States Internal Revenue Service and United States Department of Labor of rulings satisfactory to the Company, holding that such amendments will not have any adverse effect upon the favorable rulings previously received by the Company that: (i) contributions to the Fund established pursuant to the Plan constitute a currently deductible expense under the Internal Revenue Code: (ii) the Fund qualifies for exemption from Federal income tax under Section 501(c) of the Internal Revenue Code: (iii) contributions by the Company to, and Benefits and Separation Payments paid out of, the Fund are not treated as "wages" for purposes of the Federal Unemployment Tax, the Federal Insurance Contributions Act Tax or Collection of Income Tax at Source of Wages, under Subtitle "C" of the Internal Revenue Code (except as benefits or Separation Payments paid from the Fund are treated as if they were "wages" solely for purposes of Federal income tax withholding as provided in the 1969 Tax Reform Act); and (iv) no part of any such contributions or of any benefits paid are included for purposes of the Fair Labor Standards Act in the regular rate of any Employee provided, however, that if the rulings referred to in this Subsection (a) are unfavorable and are unfavorable because of provisions of the Plan, as amended, regarding Automatic Short Week Benefits, this fact shall not delay the effective date of the other amendments to the Plan.
- b) In the event that any ruling described in Subsection (a) of this Section as to the provisions of the Plan, as amended, regarding Automatic Short Week benefits is not obtained, or having been obtained shall be revoked or modified so as to be no longer satisfactory to the Company; or in the event that any state, by legislation or by administrative ruling or court decision, in the opinion of the Company: (i) does not permit Supplementation solely because of the provisions of the Plan, as amended, regarding Automatic Short Week Benefits; or (ii) in determining State System "waiting week" credit or benefits for a Week, fails to treat as wages or remuneration, as defined in the law of the applicable State System the amount of any Automatic Short Week Benefit paid for a Week which has one or more days in common with such State System Week; or (iii) permits an Employee to start a

"waiting week" or a benefit week under the law of the State System within a Week for which his Compensated or Available Hours, plus the hours for which an Automatic Short Week Benefit was paid to him total at least 40; then, but in the latter cases only with respect to Employees in such state:

- 1) the Supplemental Unemployment Benefit Plan shall be amended to delete such provisions of the Plan which are the subject of such ruling, legislation, or court decision;
- 2) Automatic Short Week Benefits which would have been payable in accordance with such deleted provisions of the Plan shall be provided under a separate plan or plans incorporating as closely as possible the same terms as the deleted provisions;
- 3) Automatic Short Week Benefits which may become payable under such separate plan or plans shall be paid by the Company;
- 4) the Supplemental Unemployment Benefit Plan shall be further amended to provide that:
  - i. the Company contributions required under Section 5 of Article VII shall be reduced by any Automatic Short Week Benefits paid by the Company under such separate plan or plans (other than Benefits for Scheduled Short Workweeks in Pay periods with respect to which the Credit Unit Cancellation Base is less than \$495). If contributions are not required for any period because the total of the market value of the assets in the Fund is equal to or in excess of the Maximum Funding of such Fund, or if the contributions required are less than the Automatic Short Week Benefits to be offset, then any subsequently required contributions shall be reduced by the amounts of Automatic Short Week Benefits not previously offset against contributions, and;
  - ii. the amount of any Automatic Short Week Benefits paid by the Company which could not be offset against contributions in accordance with (i) above shall be deducted from the market value of the assets in the Fund in determining the Credit Unit Cancellation Base as provided in Section 3 of Article VII of the Plan and the relationship of the Fund to Maximum Funding.
- c) The Company shall apply promptly to the appropriate agencies for the rulings and determination letters described in Subsection (a) of this Section.
- d) Notwithstanding any other provision of this Agreement or of the Plan, the Company, with the consent of the Vice President and Director, UAW-

AlliedSignal Department of the Union, may, during the term of this Agreement make revisions in the Plan not inconsistent with the purposes, structure, and basic provisions thereof which shall be necessary to obtain or maintain any of the rulings referred to in Subsection (a) of this Section 5 or in Section 2 of Article VII of the Plan. Any such revisions shall adhere as closely as possible to the language and intent of the provisions outlined in Exhibit "C".

IN WITNESS WHEREOF, the parties hereto have caused their names to be subscribed by their duly authorized officers and representatives the day and year first above written.

For:

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW

- Carolyn Forrest
- James Ellis
- James Priest
- John Weatherford
- Morris Perkey
- Larry Preston
- Louis Falco
- Tony Longo

For:

AlliedSignal Inc.

- Ed J. Bocik
- Jim Scriven
- Daryl David
- Lonnie Bane
- Patrick Piscopo
- Mary Johnson
- Krystal Anderson
- Bonnie Yatabe

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## ARTICLE 1

### Eligibility For Benefits

#### SECTION 1. ELIGIBILITY FOR A REGULAR BENEFIT

An Employee shall be eligible for a Regular Benefit for any Week beginning on or after May 4, 1995 if, with respect to such Week, he:



- a) was on a qualifying layoff, as described in Section 3 of this Article, for all or part of the Week;
- b) received a State System benefit not currently under protest by the Company or was ineligible for a State System Benefit only for one or more of the following reasons:
  - i. the Week was a second "waiting week" within his benefit year under the State System or was a State System "waiting week" immediately following a Week for which he received a State System Benefit or occurring within less than 52 weeks since his last State System "waiting week,"
  - ii. he did not have prior to layoff a sufficient period of employment, or sufficient earnings covered by the State System,
  - iii. exhaustion of his State System Benefit Rights,
  - iv. the period he worked or because his pay (from the Company or otherwise) for the week equaled or exceeded the amount which disqualifies him for a State System Benefit or "waiting week" credit,
  - v. he was serving a "waiting week" of layoff under the State System during a period while he had sufficient Seniority to work in the Plant but was laid off out of line of Seniority in accordance with the terms of the respective Collective Bargaining Agreements, provided that the provision of this Item (v) shall not be applicable to inventory layoff or those temporary layoffs out of line of Seniority attributable to plant rearrangement, machine or line breakdown, shortage or lack of material, excessive scrap or rework, or if the temporary layoff out of line of Seniority was for lack of work due to unanticipated schedule adjustments because of sudden and unexpected cancellation or reduction of a customer order and when the notice of such cancellation or reduction is received in the week preceding the out-of-line-of Seniority temporary layoff.
  - vi. he refused an offer of work by the Company which he had an option to refuse under an applicable Collective Bargaining Agreement or which he could refuse without disqualification under Section 3(b)(3) of this Article,
  - vii. he was receiving pay for military service with respect to a period following his release from active duty therein; or was on active duty, including required military training, in a National Guard, Reserve or similar unit, for a period of not more than two weeks in a calendar year,
  - viii. he was entitled to statutory benefits for retirement or disability which he received or could have received while working full time,

- ix. he was on layoff because he was unable to do work offered by the Company while able to perform other work in the Plant to which he would have been entitled if he had had sufficient Seniority,
  - x. he failed to claim a State system benefit if by reason of his pay received or receivable from the Company of the Week such State System Benefit would have amounted to less than Two Dollars (\$2),
  - xi. she was denied a State System Benefit solely because of a fixed statutory period relating to unavailability of the employee for work due to pregnancy, or
  - xii. he was denied a State System Benefit and it is determined that, under the circumstances, it would be contrary to the intent of the Plan to deny him a Benefit, or
  - xiii. because of the circumstances set forth under Section 3(b)(4) of this Article which existed during only part of a week of unemployment under the applicable State System
- c) has met any registration and reporting requirements of an employment office of the applicable State System, except that this subparagraph shall not apply to an Employee who WDS ineligible for a State System Benefit or "waiting week" credit for the week only because of the reason specified in Item (iv) of Subsection (b) of this Section (period of work or amount of pay) or the reason specified in Item (x) of Subsection (b) of this Section (failure to claim a State System Benefit which would have amounted to less than Two Dollars) or the reason specified in the second clause of item (vii) of Subsection (b) of this Section (active duty in a National Guard, Reserve or similar unit); and except that this subparagraph shall not apply to an employee otherwise eligible for a Benefit whose failure to report was solely attributable to his death occurring before his reporting date under the State System:
- d) had to his credit a Credit Unit or fraction thereof;
- e) did not receive an unemployment benefit under any contract or program of another employer or under any other "S.U.B." plan of the Company (and was not eligible for such a benefit under a contract or program of another employer with whom he had greater seniority than with the Company in which he had Credit Units which were credited earlier than his oldest Credit Units under the Plan);
- f) was not eligible for an Automatic Short Week Benefit;
- g) qualified for a Benefit of at least Two Dollars (\$2);

- h) failure to exercise the right to bump after a layoff shall not constitute a refusal to accept work as outlined in Item (vi) of Subsection (b) of Section 1;
- i) has made a benefit application in accordance with procedures established by the Company hereunder.

## SECTION 2. ELIGIBILITY FOR AN AUTOMATIC SHORT WEEK BENEFIT

- a) An Employee shall be eligible for an Automatic Short Week Benefit for any Workweek beginning on or after May 4, 1995, only if:
  - 1) during such Workweek he had less than 40 Compensated or Available Hours and;
    - i. he performed some work for the Company or,
    - ii. for such Workweek he received some jury duty pay or bereavement pay from the Company or,
    - iii. for such Workweek, he received only holiday pay from the Company and for the immediately preceding Week, he either received an Automatic Short Week Benefit or had 40 or more Compensated or Available Hours.
  - 2) he had at least one year seniority as of the last day of such Workweek, and
  - 3) he was on qualifying layoff as described in Section 3 of this Article, for some part of such Workweek.
- b) No application for an Automatic Short Week Benefit will be required of an Employee. However, if an Employee believes himself entitled to an Automatic Short Week Benefit for a Week which he does not receive on the date when such Benefits for such Workweek are paid, he may file written application therefore within 60 days in accordance with procedures established by the Company.
- c) An Automatic Short Week Benefit payable for a Week shall be in lieu of any Benefit under the Plan for that Week.

## SECTION 3. CONDITIONS WITH RESPECT TO LAYOFF

- a) A layoff for purposes of the Plan includes any lay off resulting from a reduction in force or temporary layoff, including a layoff resulting from the discontinuance of a Plant or an operation and any layoff occurring or continuing because the Employee was unable to do the work offered by the Company although able to perform other work in the Plant to which he would have been entitled if he had had sufficient Seniority.

- b) An Employee's layoff for all or part of any week shall be deemed qualifying for Plan purposes only if:
- 1) such layoff was from the Contract Unit;
  - 2) such layoff was not for disciplinary reasons and was not a consequence of
    - i. any strike, slowdown, work stoppage, picketing (whether or not by Employees), or concerted action at a Company Plant or Plants, or elsewhere,
    - ii. any fault attributable to the Employee,
    - iii. any war or hostile act of a foreign power (but not government regulations or controls connected therewith),
    - iv. sabotage or insurrection, or
    - v. any act of God provided, however, that this subparagraph (v) shall not apply to any Automatic Short Week Benefit or to the first 2 consecutive full weeks of layoff for which a regular benefit is payable in any period of layoff resulting from such cause.
  - 3) with respect to such Week the Employee has not refused to accept work when recalled pursuant to the Collective Bargaining Agreement and has not refused an offer by the Company of other suitable available work at the same Plant or another Plant in the same labor market area (as defined by the State Employment Security Commission of the state in which the Plant from which he was laid off is located). Standards to be used in determining the suitability of available work offered by the Company will be developed by Agreement between the Company and the Union, giving recognition to practice adopted by other companies in the automotive and aviation components industries having substantially similar seniority provisions. In the event the Company and the Union fail to establish the standards called for above, the Board of Administration shall, upon appeal, determine the matter of suitability in individual cases;
  - 4) with respect to such Week, the Employee was not eligible for and was not claiming:
    - i. any statutory or Company accident or sickness or any other disability benefit (except a benefit which he received or could have received while working full time); or

- ii. any Company pension or retirement benefit except those employees who are eligible to receive a minimum distribution pension benefit after age 70-1/2 according to the provisions of the Tax Reform Act of 1986, providing the employee has seniority, is employed in a plant covered by the Master Agreement, and otherwise meets the eligibility requirements of this Plan;
- 5) with respect to such Week the Employee was not in military service (other than active duty, including required military training, in a National Guard, Reserve or similar unit for a period of not more than two weeks in a calendar year) or on a military leave.
- c) If an Employee is on active duty, including required military training, in a National Guard, Reserve or similar unit for a period of not more than two weeks in a calendar year and is ineligible under the Collective Bargaining Agreement for pay from the Company for all or part of such period and would be on a qualifying layoff but for such active duty, he will be deemed to be on a qualifying layoff period.
  - d) If an Employee is ineligible for a Benefit by reason of Subsection (b)(2) or Subsection (b)(4) of this Section with respect to some but not all of his regular work days in a Week, and he is otherwise eligible for a Benefit, he shall be entitled to a reduced Benefit payment, as provided in Section 1(b) of Article II.

#### SECTION 4. DISPUTED CLAIMS FOR STATE SYSTEM BENEFITS

- a) With respect to any Week for which an Employee has applied for a Benefit and for which he:
  - 1) has been denied a State System Benefit, and the denial is being protested by the Employee through the procedure provided therefore under the State System, or
  - 2) has received a State System Benefit, payment of which is being protested by the Company through the procedure provided therefore under the State System and such protest has not, upon appeal, been held by the Board to be frivolous and the Employee is eligible to receive a Benefit under the Plan except for such denial or protest, the payment of such Benefit shall be suspended until such dispute shall have been determined;
- b) If the dispute shall be finally determined in favor of the Employee, the Benefit shall be paid to him if he had not exhausted Credit Units subsequent to the week to which the State System Benefit in dispute is applicable.

### ARTICLE II

## Amount Of Benefits

### SECTION 1. REGULAR BENEFITS

- a) The Regular Benefit payable to an eligible Employee for any Week shall be an amount which, when added to his State Benefit and Other Compensation, will equal 95% of his Weekly After-Tax Pay, minus \$12.50 to take into account work-related expenses not incurred; provided, however that such Benefit shall not exceed \$90 plus \$1.50 for each of not more than 4 Dependents for any Week (i) with respect to which the Employee is not receiving State System Benefits, or (ii) which follows receipt by the Employee of 26 weeks of Regular Benefits in any one benefit year under the State System.
- b) An otherwise eligible Employee entitled to a Benefit reduced because of ineligibility with respect to part of the Week, as provided in Section 3(d) or Article 1 (reason for layoff or eligibility for a disability, pension or retirement benefit), will receive one fifth of a Regular Benefit compute under Subsection (a) of this Section for each work day of the Week in which he is otherwise eligible.

### SECTION 2. AUTOMATIC SHORT WEEK BENEFIT

- a) The Automatic Short Week Benefit payable to an eligible Employee for any Week beginning on or after May 4, 1995, shall be an amount equal to the product of the number by which 40 exceeds his Compensated or Available Hours, computed to the nearest tenth of an hour, multiplied by: 80% of his Base Hourly Rate, but excluding all other premiums and bonuses of any kind.

### SECTION 3. STATE BENEFIT AND OTHER COMPENSATION

- a) An Employee's State Benefit and Other Compensation for a Week means:
  - 1) The amount of State System Benefit received or receivable by the Employee for the Week, plus
  - 2) All pay received or receivable by the Employee from the Company (including holiday pay and payments in lieu of vacation) and the amount of any pay which should have been earned, computed as if payable, for hours made available by the Company but not worked, after reasonable notice has been given to the Employee, for such Week; provided, however, that if the hours made available but not worked are hours which the Employee had an option to refuse under the Collective Bargaining Agreement, or which he could refuse without disqualification under Section 3(b)(3) of Article 1, such hours shall not be considered as hours made available by the Company; and provided further, that if wages or remuneration or any military pay are received or receivable by the

Employee from employers other than the Company and are applicable to the same period as hours made available by the Company but not worked, only the greater of (a) such wages or remuneration or military pay in excess of \$10 from other employers or (b) any amount of pay which could have been earned, computed, as if payable, for hours made available by the Company but not worked, shall be included; and provided, further, that all of the pay received or receivable by the Employee for a shift which extends through midnight shall be allocated,

- i. to the day on which the shift started if he was on layoff with respect to the corresponding shift on the following day,
- ii. to the day on which the shift ended if he was on layoff with respect to the corresponding shift on the preceding day, and
- iii. according to the pay for the hours worked each day if he was on layoff with respect to the corresponding shifts on both the preceding and the following days;

and in any event, the maximum regular benefit shall be modified, to any extent necessary so that the Employee's Benefit will be increased to offset any reduction in his State System Benefit which may have resulted solely from the State Systems' allocation of his earnings for such shift otherwise than as specified in this subparagraph; plus

- 3) All wages or remuneration, as defined under the law of the applicable State System, in excess of \$10 received or receivable from other employers for such Week, excluding such wages or remuneration which were considered in the calculation under Subsection (a)(2) of this Section, plus
  - 4) The amount of all other benefits in the nature of compensation or benefits for unemployment received or receivable under any State or Federal System (such as, for example, the so-called re-adjustment allowances which were payable under federal law to veterans of World War II) for such week; plus
  - 5) The amount of all military pay in excess of \$10 received or receivable for such Week, excluding such military pay which was considered in the calculation under Subsection (a)(2) of this Section.
- b) If the State System Benefit actually received by an Employee for a State Week shall be for less, or more, than a full State Week (for reasons other than the Employee's receipt of wages or remuneration for such State Week):

- 1) because he has been disqualified or otherwise determined ineligible for a portion of his State System Benefit for reasons other than those set forth in Section 1(b) of Article 1,
- 2) because the applicable State Week includes 1 or more "waiting period effective days", or
- 3) because of an underpayment or overpayment of a previous State System Benefit,

The amount of the State System Benefit to which he otherwise would have been entitled for such State Week shall be used in the calculation of "State Benefit and Other Compensation" for such State Week.

- c) If the State System Benefit applies to a period of less than 7 days due to commencement or termination of unemployment other than on the first or last day of the normally applicable State Week, the period of the normally applicable State Week will be used in calculating State Benefit and Other Compensation for such State Week.

#### SECTION 4. INSUFFICIENT CREDIT UNITS FOR A FULL BENEFIT

If an Employee has to his credit less than the full number of Credit Units required to be cancelled for the payment of a Benefit for which he is otherwise eligible he shall be paid the full amount of such Benefit and all remaining Credit Units or fractions thereof to his credit shall be cancelled.

#### SECTION 5. EFFECT OF LOW CREDIT UNIT CANCELLATION BASE

Notwithstanding any other provisions of the Plan:

- a) If the CUCB for any Week shall be \$18.00 or more but less than \$58.50, any Benefit for such Week (other than Automatic Short Week Benefit for a Scheduled Short Work Week) shall be reduced by 20%, but in no event less than \$5.00 by reason of such reduction. During any Week in which the CUCB is \$18.00 or more but less than \$58.50, the 20% reduction in Benefits will apply to an Employee with less than 20 years of Seniority as of the last day of the Week for which such Benefit is paid.
- b) No Benefit (other than an Automatic Short Week Benefit for a Scheduled Short Work Week) shall be paid if:

18.00

The CUCB Applicable To The Week Is  
Less Than:

\$139.50  
58.50



And As Of The Last Day Of Such Week  
His Seniority Is:  
**1 to 10 years**

**10 to 15 years**  
**15 years and over**

#### SECTION 6. BENEFIT OVERPAYMENTS

- a) If the Company or the Board determines that any Benefit(s) paid under the Plan should not have been paid or should have been paid in a lesser amount, (as the result of a subsequent disqualification for State System Benefits or otherwise) written notice thereof shall be mailed to the Employees receiving such Benefit(s), and shall return the amount of overpayment to the Trustee or Company which ever is applicable; provided, however, that no repayment shall be required if the cumulative overpayment is \$3.00 or less or if notice has not been given within 120 days from the date the overpayment was established or created, or within 120 days from the date the check is issued if the overpayment resulted from a Corporation error, except that no such time limitation shall be applicable in cases of fraud or willful misrepresentation.
- b) If the Employee shall fail to return such amount promptly, the Trustee shall arrange to reimburse the Fund for the amount of overpayment by making a deduction from any future Benefits (not to exceed \$20 from any one Benefit, except in cases of fraud or willful misrepresentation) or Separation Payment otherwise payable to the Employee, or by requesting the Company to make a deduction from compensation payable by the Company to the Employee (not to exceed \$30 from any one paycheck except in cases of fraud or willful misrepresentation) or both. The Company is authorized to make such deduction from the Employee's compensation and to pay the amount deducted to the Trustee.
- c) If the Company determines that an Employee has received an Automatic short Week Benefit for any Week for which he has received a State System Benefit, the amount of such Automatic Short Week Benefit, or a portion or such Benefit, whichever is less, shall be treated as an overpayment and deducted in accordance with this Section from future Benefits or Compensation payable by the Company.

#### SECTION 7. WITHHOLDING TAX

The Trustee or the Company shall deduct from the amount of any Benefit (or Separation Payment) any amount required to be withheld by the Trustee or the Company by reason of any law or regulation for payment of taxes or otherwise to any federal, state or municipal government. In determining the amount of any applicable tax entailing personal exemptions, the Trustee or the Company shall be entitled to rely on the official form filed by the Employee with the Company for purposes of income tax withholding on regular wages.

#### SECTION 8. DEDUCTION OF UNION DUES

The Trustee, upon authorization from an Employee, and during any period while there is in effect an agreement between the Company and the Union concerning the maintaining of the Plan, shall deduct monthly Union dues from Regular Benefits paid under the Plan and pay such sums directly to the Union in his behalf

### ARTICLE III

#### CREDIT UNITS AND DURATION OF BENEFITS

##### SECTION 1. GENERAL

Credit Units shall have no fixed value in terms of either time or money, but shall be a means of determining eligibility for and duration of Benefits.

##### SECTION 2. ACCRUAL OF CREDIT UNITS

- a) Credit Units shall be credited at the rate of one-half (.50) of a Credit Unit for each Workweek for which (i) the Employee receives any pay from the Company and (ii) does not receive pay from the Company but for which he receives a Leveling Week Benefit.
- b) For the purpose of accruing Credit Units under this Section:
  - 1) All hours represented by pay in lieu of vacation shall be counted as hours in the Workweek covered by the pay day as of which payment in lieu of which vacation was made, and;
  - 2) Back pay shall be considered as pay for any Workweek or Workweeks to which it may be allocable.
- c) No Employee may have to his credit in the aggregate at any one time more than 52 Credit Units, except that an Employee who is at work on or after April 30, 1983 and has 10 or more years of seniority may have to his credit in the aggregate at any one time no more than 104 Credit Units.
- d) No Employee shall be credited with any Credit Unit prior to the first day as of which he (i) has at least one year of Seniority and (ii) is on the Active Employment Rolls in the Contract Unit (or was on such rolls within 30 days prior to such first day), is absent from work on (or was absent from work within 30 days prior to) such first day solely because of occupational injury or disease incurred in the course of such Employee's employment with the Company and on account of such absence is receiving Worker's Compensation while on Company-approved leave of absence. As of such day he shall be credited with Credit Units based upon his Workweeks occurring while he is an Employee.

- e) An Employee who has Credit Units as of the last day of a Week shall be deemed to have had them during all of such Week.
- f) At such time as the amount of any Benefit overpayment is repaid to the Fund, except as otherwise provided in the Plan, the number of Credit Units, if any, theretofore cancelled with respect to such overpayment of Benefits shall be restored to the Employee, except to the extent of the number of Guaranteed Annual Income Credit Units which have been credited to such Employee between the date of such overpayment and the date of such repayment and which would not have been credited had the Credit Units been restored at the time such Guaranteed Annual Income Credit Units were credited to him, and except to the extent that such restoration would raise the number of his Credit Units at the time thereof above the applicable number under Subsection (e) of this Section 2, and except as otherwise provided with respect to Credit Unit forfeiture under Section 1 of this Article.

### SECTION 3. FORFEITURE OF CREDIT UNITS

- a) An Employee shall forfeit permanently all Credit Units with which he shall have been credited and with respect to subsections (1) and (3) only of this Section 3(a) shall be ineligible to be credited with Guaranteed Annual Income Credit Units on the next succeeding Guarantee Date or other date of eligibility, if he:
  - 1) shall incur a break in Seniority, provided, however, that if an Employee has incurred a break in Seniority by reason of his retirement under the Total and Permanent Disability Provision of the Retirement Plan established by agreement between the Company and the Union and shall subsequently have his Seniority reinstated, his Credit Units previously forfeited shall again be credited to him as of the date his Seniority is reinstated and as of such date he shall again become eligible to have Guaranteed Annual Income Credit Units credited to him;
  - 2) is on layoff from the Company for a continuous period of 24 months, (36 months in the case of an Employee who is at work on or after April 30, 1983 and has 10 or more years of Seniority as of his last day worked prior to layoff) except that if at the expiration of such applicable month period he is receiving Benefits his Credit Units shall not be forfeited until he ceases to receive Benefits, or
  - 3) willfully misrepresents any material fact in connection with an application by him for Benefits under the Plan.

### SECTION 4. CREDIT UNIT CANCELLATION ON PAYMENT OF BENEFITS

- a) The number of Credit Units to be canceled for any Benefit shall be determined in accordance with the following Table:

TABLE A

If the CUCB applicable to the week for which a Benefit is paid is:	<b>And as of the Last Day of the Week for which such Benefit is paid to the Employee, his Seniority is:</b>					
	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	20 to 25 Years	25 Years and Over
	<u>The Credit Units cancelled for such benefits shall be:</u>					
\$504.00 or over	1.00	1.00	1.00	1.00	1.00	1.00
463.00 -- 503.99	1.11	1.00	1.00	1.00	1.00	1.00
423.00 -- 463.49	1.25	1.11	1.00	1.00	1.00	1.00
382.00 -- 422.99	1.43	1.25	1.11	1.00	1.00	1.00
342.00 -- 382.49	1.67	1.43	1.25	1.11	1.00	1.00
301.50 -- 341.99	2.00	1.67	1.43	1.25	1.11	1.00
261.00 -- 301.49	2.5	2.00	1.67	1.43	1.25	1.11
220.50 -- 260.99	3.33	2.5	2.00	1.67	1.43	1.25
180.00 -- 220.49	5.00	3.33	2.5	2.00	1.67	1.43
139.50 -- 179.99	10.00	5.00	3.33	2.5	2.00	1.67
99.00 -- 139.49	No Benefit		3.33	2.5	2.00	1.67
58.50 -- 98.99	Payable		3.33	2.5	2.00	1.67
18.00 -- 58.40	No Benefit Payable			2.5	2	1.67
Under 18.00	No Benefit Payable					

- b) Provided, however, that no Credit Units shall be cancelled when an Employee receives a Leveling Week Benefit, or an Automatic Short Week Benefit.
- c) If an Employee receives a reinstated Weekly Benefit for Accident and Sickness Disability during layoff under Part II, Section C-5 of the Insurance Program with respect to any Week, there shall be cancelled the number of Credit Units which would have been cancelled if he had received a Regular Benefit for such Week. If an Employee receives such reinstated Weekly Benefit for Accident and Sickness Disability for a portion of a Week, and does not receive a Regular Benefit with respect to any part of such Week, only one-half the number of such Credit Units shall be cancelled for the reinstated Weekly Benefit for Accident and Sickness Disability. If an Employee receives a reinstated Weekly Benefit for Accident and Sickness Disability for a portion of a Week and also receives a Regular Benefit under Article 1, Section 3(d) for such Week, no Credit Units will be cancelled for the reinstated Weekly Benefit For Accident and Sickness Disability.

**SECTION 5. ARMED SERVICES**

An Employee who enters the Armed Services of the United States directly from the employ of the Company shall while in such service be deemed, for the purposes of this Plan, to be on leave of absence and shall not be entitled to any benefit, and all Credit Units credited to the Employee at the time of his entry to such service shall be credited to him upon his reinstatement as an Employee. This Section shall not affect the payment of

Benefits to, or the cancellation of Credit Units of any Employee deemed to be on qualifying layoff because of the provisions of Section of 3(c) of Article I.

ARTICLE III-A

Guaranteed Annual Income Credit Units

SECTION 1. CREDITING OF GUARANTEED ANNUAL INCOME CREDIT UNITS

- a) An Employee who is on the Active Employment Rolls in the Contract Unit and has at least one year of seniority on a Guarantee Date (as defined in Section 2 of this Article) shall be credited as of the day following such Guarantee Date with the number of Guaranteed Annual Income Credit Units (as defined in Section 3 of this Article), if any, determined by:
  - 1) subtracting from 52 (104 in the case of an Employee who is at work on or after April 30, 1983 and has 10 or more years of seniority) the number of Credit Units to his credit on the Guarantee Date; and
  - 2) multiplying the resulting number by the applicable percentage set forth in the following table:

<b>Years of Seniority on the Guarantee Date</b>	<b>Applicable Percentage</b>
1 but less than 2	25%
2 but less than 4	50%
4 but less than 7	75%
7 and over	100%

- b) If Guaranteed Annual Income Credit Units were not credited to an Employee on a Guarantee Day solely because he did not then have at least one year of Seniority or was not then on the Active Employment Rolls in the Contract Unit, but on any day within the 52 Pay Periods following such Employee has at least one year of Seniority and is then on the Active Employment in the Contract Unit, he shall be entitled to be credited with Guaranteed Annual Income Credit Units as of the day following the end of the first Pay Period in which he meets such requirements. The number of Guaranteed Annual Income Credits, if any, to be credited to such Employee shall be the number determined by:
  - 1) subtracting from 52 (104 in the case of an Employee who is at work on or after April 30, 1983 and has 10 or more years of seniority) the number of Pay Periods between the preceding Guarantee Date and the last day of such Pay Period; and

- 2) subtracting from the resulting number the number of Credit Units to the Employee's credit on such last day; and
  - 3) multiplying that resulting number by the percentage in the table in Subsection (a)(2) of this Section applicable to the Employee's Seniority on the preceding Guarantee Date (or the date subsequent thereto on which he acquired one year of Seniority).
- c) With respect to Paragraphs (a) and (b) of this Section 1, an Employee who reports for work at the expiration of a medical leave of absence and for whom there is no work available in line with his seniority and who is then placed on layoff status shall be deemed to be on the Active Employment Rolls.

#### SECTION 2. GUARANTEE DATE

The term Guarantee Date shall mean the third Sunday in January of each year.

#### SECTION 3. GUARANTEED ANNUAL INCOME CREDIT UNIT

A Guaranteed Annual Income Credit Unit shall be deemed in all respects for all purposes the same as a Credit Unit credited pursuant to Article III, except that Guaranteed Annual Income Credits shall be credited only pursuant to the provisions of this Article.

### ARTICLE IV

#### Separation Payment

##### SECTION 1. ELIGIBILITY

An Employee shall be eligible for a Separation Payment if:

- a) on or after October 1, 1958, he:
  - 1) has been on layoff from the Company for a continuous period of at least 12 months (or any shorter period determined by the Company) and such layoff if not the result of any circumstances or conditions set forth in Section 3(b) (2) of Article I; provided, however, that an Employee shall be deemed to have been on layoff, he accepts an offer of work by the Company and subsequently is laid off again within five (5) work days from the date he was reinstated;
  - 2) was actively at work on or after October 1, 1958, and having become totally and permanently disabled on or after such date and has been found eligible in all respects by the Board of Administration under the Retirement Plan (established by Agreement between the Company and the Union) for a "disability retirement benefit" under Section 2 of Article

IV of said Retirement Plan except that he does not have the requisite years of credited service;

- 3) has had a combination of such layoff period and disability period which combined period is continuous through the date on which application for a Separation Payment is received by the Company.
- b) with respect to a Separation Payment made on or after January 1, 1965, he had one or more years Seniority on the last day on which he was on the Active Employment Rolls, and such Seniority has not been broken on or prior to the earliest date on which he can make application;
- c) he has not refused an offer of work pursuant to any of the conditions set forth in Subsection 3(b)(3) of Article I on or after the last day he worked in the Contract Unit and prior to the earliest date on which he can make application;
- d) he has made application for a Separation Payment within 24 months from the commencement date of his Separation Period provided that in the case of layoff no application may be made prior to 12 continuous months of layoff from the Company (or any shorter period determined by the Company): and provided further that no application for a Separation Payment may be made after April 21, 1974;
- e) his application is received by the Company during a pay Period for which the CUCB is equal to or in excess of \$58.50: provided, however, that applications of otherwise eligible Employees' received during a Pay Period for which the CUCB is less than \$58.50 shall become payable in order of dates of receipt by the Company but only during the period of time when the CUCB is equal to or in excess of \$58.50. When the CUCB becomes equal to or in excess of \$58.50, such Separation Payments shall have priority of payment over any other applications for Separation Payments; and if in the opinion of the Board the assets in the Trust Fund are or may become insufficient to pay Benefits and Separation Payments with respect to all applications then on file, the Company may take such action as it deems appropriate, including deferral of payment of Benefits otherwise payable to facilitate the priority of payment of Separation Payments over Benefits. The amount of any Separation Payment or Benefits, or both, deferred in payment shall be deducted, for the purpose of calculating the CUCB, from the assets in the Fund. Nothing in this Subsection (e) shall be construed to alter in any respect the provisions of Section 6 of Article VII with respect to liabilities under the Plan.

## SECTION 2. PAYMENT

- a) A Separation Payment shall be payable in a lump sum.
- b) Determination of Amount:

- 1) Except as provided in Paragraphs (2), (3), (4) and (5) of this Subsection (b) the Separation Payment shall be an amount determined by multiplying:
- i. the Employee's Base Hourly Rate (plus any applicable Cost-of-Living Allowance in effect on the last day he worked in the Contract Unit but excluding all other premiums and bonuses of any kind) by the applicable Number of Hour's Pay as shown in the following table:

SEPARATION PAYMENT TABLE

<b>Years Of Seniority On Last Day On The Active Employee Rolls:</b>	<b>Number of Hours Pay:</b>
1 but less than 2	50
2 but less than 3	70
3 but less than 4	100
4 but less than 5	135
5 but less than 6	170
6 but less than 7	210
7 but less than 8	255
8 but less than 9	300
9 but less than 10	350
10 but less than 11	400
11 but less than 12	455
12 but less than 13	510
13 but less than 14	570
14 but less than 15	630
15 but less than 16	700
16 but less than 17	770
17 but less than 18	840
18 but less than 19	920
19 but less than 20	1000
20 but less than 21	1085
21 but less than 22	1170
23 but less than 24	1355
24 but less than 25	1455
25 but less than 26	1560
26 but less than 27	1665
27 but less than 28	1770
28 but less than 29	1875
29 but less than 30	1980
30 and over	2080



- 2) If the Credit Union Cancellation Base as of the date application is received by the Company is below \$225.00, the amount of such Separation Payment shall be reduced by 1% for each full \$2.25 by which the Credit Unit Cancellation Base is less than \$225.00 as of such date; provided, however, that respect to Separation Payments deferred under Section 1(e) of the Article because the CUCB is less than \$58.50, the Credit Unit Cancellation Base in effect as of the date the draft in payment of the Separation Payment is issued shall be used in the above computation in lieu of such Credit Unit Cancellation Base on the date the application was received.
- 3) The amount of a Separation Payment as initially computed shall be reduced by:
  - i. The amount of any benefits paid or payable to an Employee with respect to a Week occurrence after the last day he worked in the Contract Unit;
  - ii. the amount of any payment, financed in whole or in part by the Company, received or receivable on or after the last day, the Employee worked in the Contract Unit, with respect to any layoff for Separation from the Company (other than a State System Benefit or a benefit payable under the Federal Social Security Act);
  - iii. any amount required to be withheld by the Trustee or the Company by reason of any law regulation for payment of taxes or otherwise, to any federal, state or municipal government.;
  - iv. if the Employee is eligible to receive a monthly pension benefit other than a deferred vested pension under any Company plan or program then in effect, the amount of the cumulative pension benefits that would be payable, and fifty percent (50%) of any Social Security old age or disability benefit that would be payable, assuming the maximum Social Security benefit level currently in effect, for the life expectancy of the Employee as determined actuarially.
- 4) If an applicant has been paid a prior Separation Payment and thereafter was reemployed by the Company within 3 years from the last day he worked in the Contract Unit, (i) years of Seniority for purposes of determining the amount of his current Separation Payment shall mean the sum of the Years of Seniority used to determine the amount of his prior Separation payment and the number of Years of Seniority acquired by him after he was rehired, and (ii) there shall be subtracted, from the Number of Hours' Pay based on his years of Seniority determined as

provided in clause (i) above, the Number of Hours' Pay used to calculate his prior Separation Payment.

Any contrary provision of the Plan notwithstanding, in the case of an Employee whose last day on the Active Employment Rolls is on or after April 22, 1974, or in case of any other Employee who shall not have applied for a Separation Payment prior to April 22, 1974, the amount of Separation Payment shall be zero.

### SECTION 3. EFFECT OF SEPARATION PAYMENT ON SENIORITY

An Employee who is issued and accepts a Separation Payment shall cease to be an Employee and his Seniority shall be deemed to have been broken as of the date his application for the Separation Payment was received by the Company.

### SECTION 4. OVERPAYMENTS

If the Company or the Board determines after the issuance of a Separation Payment that the Separation Payment should not have been issued or should have been issued in a lesser amount, written notice thereof shall be mailed to the former Employee and he shall return the amount of the overpayment to the Trustee.

### SECTION 5. REPAYMENT

If an Employee is again employed by the Company after he has received a Separation Payment, no repayment (except as provided in Section 4 of this Article) by him of such Separation Payment shall be required or allowed and no Seniority cancelled in connection with such Separation Payment shall be reinstated.

### SECTION 6. NOTICE OF APPLICATION TIME LIMITS

The Company shall provide written notice of the time limit for filing a Separation Payment application to all who may be eligible for such Payment. Such notice shall be mailed to the person's last known address according to the Company's records not later than 30 days prior to both the earliest and latest dates as of which he may apply pursuant to the provisions of Section 1 (d) of this Article.

### SECTION 7. ARMED SERVICES

An Employee who enters the Armed Services of the United States directly from the employ of the Company shall, while in such service, be deemed for the purposes of the Plan to be on leave of absence and shall not be entitled to any Separation Payment.

## ARTICLE V

### **Application, Determination Of Eligibility, And Appeal Procedures For Benefits And Separation Pay**

#### SECTION 1. APPLICATIONS

##### **a) Filing of Applications**

An application for a Benefit or Separation Payment may be filed either in person or by mail in accordance with procedures established by the Company. Under such procedures an Employee applying for a Benefit shall be required to appear personally at the Company location from which he was last laid-off to register as an applicant and to supply needed information at the time of, or prior to making his first application following lay-off. Under such procedures, an Employee may also be required to appear personally at the Company location from which he was last laid-off at the time of, or prior to, the filing of his application for the first week following the exhaustion of his State System Benefit rights and at reasonable intervals thereafter; and at any such appearance, the Company may require the Employee to discuss his employment status. No application for a Weekly Supplemental Benefit shall be accepted unless it was submitted to the Company within 60 calendar days after the end of the week with respect to which it is made; provided, however, that if the amount of the Employee's State System Benefit is adjusted retroactively with the effect of establishing a basis for eligibility for a Benefit or a Benefit in a greater amount than that previously paid, he may apply within 60 calendar days after the date on which such basis for eligibility is established.

##### **b) Application Information**

Applications filed for Benefit or Separation Payment under the Plan will include:

- 1) in writing any information deemed relevant by the Company with respect to other benefits received, earnings and the source and amount thereof, dependants and such other information as the Company may require in order to determine whether the Employee is eligible to be paid a Benefit or Separation Payment and the amount thereof;
- 2) with respect to a Regular Benefit, the exhibition of the Employee's State System Benefit check or other evidence satisfactory to the Company of either
  - i. his receipt of or entitlement to a State System Benefit, or

- ii. his ineligibility for a State System Benefit only for one or more of the reasons specified in Section 1(b) of Article I; provided however, that in the case of State System Benefit ineligibility by reason of the period worked in the Week or pay received from the Company or otherwise (Item (iv) of Section 1(b) of Article 1), State System evidence for such reason of ineligibility shall not be required.

State System Benefits shall be presumed to have been received by the Employee on the date of the check as set forth on the check or on the satisfactory evidence referred to in the preceding paragraph.

- c) When an Employee files an application for Benefit for a Week following the exhaustion of his State System Benefit rights, he shall be required to provide:
  - 1) a statement in writing as to whether he has refused any available work or a referral to any available work and, if so, the reasons for such refusal.
  - 2) if the Company has referred the Employee to available work, for the Company or for another employer, which he is able to do, a statement that he has applied for such work but has not been employed or the reason why he did not apply; and
  - 3) at the request of the Company, his Social Security record statement or other evidence satisfactory to the Company with respect to his receipt of wages or other remuneration.

## SECTION 2. DETERMINATION OF ELIGIBILITY

### **a) Application Processing by Company**

When an application is filed for a Benefit or Separation Payment under the Plan and the Company is furnished with the evidence and information required, the Company shall determine the Employee's entitlement to a Benefit or Separation Payment. The Company shall advise the Employee of the number of Credit Units cancelled for each Benefit Payment and the number of Credit Units remaining to his credit after such payment.

### **b) Notification to Trustee to Pay**

If the Company determines that a Benefit or a Separation Payment is payable, it shall deliver prompt written notice to the Trustee to pay such Benefit or Separation Payment.

**c) Notice of Denial of Benefits or Separation Payment**

If the Company determines that an Employee is not entitled to a Benefit or to a Separation Payment, it shall notify him promptly, in writing of such determination including the reason therefore.

**d) Union Copies of Company Determinations**

The Company shall furnish promptly to the Union member of the Local Committee copies of all applications for Separation Payments and all Company determinations of Benefit or Separation Payment ineligibility or overpayment.

**SECTION 3. APPEALS**

**a) Applicability of Appeals Procedure**

- 1) The appeals procedure set forth in this Section may be employed only for the purposes specified in this Section.
- 2) No question involving the interpretation or application of the Plan shall be subject to the Grievance Procedure provided for in the Collective Bargaining Agreement
- 3) This appeal procedure shall not be used to protest a denial of a State System Unemployment Benefit or to determine whether or not a benefit should have been paid under a State System.

**b) Procedure for Appeals**

- 1) First Stage Appeals
  - i. An Employee may appeal from the Company's written determination (other than determinations made in connection with Section 1(b)(xii) of Article I) with respect to the payment or denial of a Benefit or a Separation payment by filing a written appeal with the Local Committee on a form provided for that purpose.

If there is no Local Committee at any Plant because of a discontinuation of such Plant, the appeal may be filed directly with the Board. Appeals concerning determinations made in connection with Section 1(b)(xii) of Article I shall be made directly to the Board.

- ii. The appeal shall be filed with the designated Company representative within 30 days following the date of mailing of the determination appealed. If the appeal is mailed, the date of the filing shall be the postmarked date of appeal. No appeal will be valid after the 30-day period.

- iii. The Local Committee shall advise the Employee, in writing, of its resolution of, or failure to resolve his appeal. If the appeal is not resolved within 10 days after the date thereof (or such extended time as may be agreed upon by the Local Committee), the Employee, or any 2 members of the Local Committee, at the request of the Employee, may refer the matter to the Board for Disposition.

## 2) Appeals to the Board

- i. An appeal to the Board shall be considered filed with the designated Company representative for the Plant at which the first stage appeal was considered by the Local Committee.
- ii. Appeals shall be in writing, shall specify the respect in which the Plan is claimed to have been violated, and shall set forth the facts relied upon as justifying a reversal or modification of the determination appealed from.
- iii. Appeals by the Local Committee to the Board with respect to Benefits or Separation Payments shall be made within 20 days following the date the appeal is first considered at a meeting of the Local Committee, plus such extension of time as the Local Committee shall have agreed upon. Appeals by the Employee to the Board with respect to Benefits or Separation Payments shall be made within 30 days following the date the notice of the Local Committee's decision is given or mailed to the Employee. If the appeal is mailed, the date of the filing shall be the postmarked date of the appeal.
- iv. The handling and disposition of each appeal to the Board shall be in accordance with regulations and procedures established by the Board. Such regulations and procedures shall provide that in situations where a number of Employees have filed applications for Benefits or Separation Benefits under substantially identical conditions, an appeal may be made from the Local Committee to the Board with respect to one of such Employees, and the decision of the Board thereof shall apply to all such Employees.
- v. The Employee, the Local Committee or the Union Members of the Board may withdraw any appeal to the Board at any time before it is decided by the Board.
- vi. There shall be no appeal from the Board's decision. It shall be final and binding upon the Union, its members, the Employee, the

Trustee, and the Company. The Union will discourage any attempt of its members to appeal and will not encourage or cooperate with any of its members in any appeal, to any Court or Labor Board from a decision of the Board, nor will the Union or its members by any other means attempt to bring about the settlement of any claim or issue on which the Board is empowered to rule hereunder.

- vii. The Local Committee shall be advised, in writing, by the Board of the disposition of any appeal previously considered by the Local Committee, and referred to the Board. A copy of such disposition shall be forwarded to the Employee by the Local Committee.

**c) Benefits Payable After Appeal**

In the event that an appeal with respect to entitlement to a Benefit is decided in favor of the Employee, the Benefit shall be paid to him, provided, however, that if such Benefit requires Credit Unit Cancellation, the Benefit shall be paid only if he did not exhaust Credit Units after the Week of the Benefit in dispute.

- d) With respect to the appeal provisions set forth under this Section 3 only if he did not exhaust Credit Units after the Week of the Benefit in dispute.

ARTICLE VI

**Administration Of The Plan**

SECTION 1. POWERS AND AUTHORITY OF THE COMPANY

**a) Company Power**

The Company shall have such powers and authority as are necessary and appropriate in order to carry out its duties under this Article, including without limitation, the following:

- 1) to obtain such information as the Company shall deem necessary in order to carry out its duties under the Plan;
- 2) to investigate the correctness and validity of information furnished with respect to an application for a Benefit or Separation Payment,
- 3) to make initial determinations with respect to Benefits or Separation Payments;
- 4) to establish reasonable rules, regulations and procedures regarding:

- i. the manner in which and the times and places at which applications shall be filed for Benefits or Separation Payments, and
- ii. the form, content and substantiation of applications for Benefits or Separation Payments.

In establishing such rules, regulations and procedures, the Company shall give due consideration to any recommendations from the Board;

- 5) to designate an office or department at each Plant, or in the alternative location in the general area of the Plant, where Employees laid off from the Plant may appear for the purpose of complying with the Plan requirements; it being understood that a single location may be established to serve a group of Plants within a single area;
- 6) to determine the Maximum Funding of the Fund and the CUCB;
- 7) to establish appropriate procedures for giving notice required to be given under the Plan;
- 8) to establish and maintain necessary records; and
- 9) to prepare and distribute information explaining the Plan.

**b) Company Authority**

Nothing contained in this Plan shall be deemed to qualify, limit or alter in any manner the Company's sole and complete authority and discretion to establish, regulate, determine, or modify at any time levels of employment, hours of work, extent of hiring and layoff, production schedules, manufacturing methods, the products and parts thereof to be manufactured, where and when work shall be done, marketing of its products, or any other matter related to the conduct of its business or the manner in which its business is to be managed or carried on, in the same manner and to the same extent as if this Plan were not in existence; nor shall it be deemed to confer either upon the Union or the Board any voice in such matters.

**c) Administrator and Named Fiduciaries**

The administrator of the Plan for purposes of ERISA shall be the Company. The Trustee, the Board of Administration and the Company shall be named fiduciaries and their respective duties and responsibilities shall be allocated among them as set forth in the Plan and Trust Agreement. The Company may designate other persons to carry out fiduciary responsibilities on behalf of the Company and may employ one or more persons to render advice with regard to any responsibility it has under the Plan. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.



## SECTION 2. BOARD OF ADMINISTRATION OF THE PLAN

### a) **Composition and Procedure**

- 1) There shall be established a Board of Administration of the Plan consisting of 6 members, 3 of whom shall be appointed by the Company (hereinafter referred to as the Company members) and 3 of whom shall be appointed by the Union (hereinafter referred to as Union members). Each member of the Board shall have an alternate. In the event a member is absent from a meeting of the Board, his alternate may attend, and when in attendance, shall exercise the powers and perform the duties of such member. Either the Company or the Union at any time may remove a member appointed by it and may appoint a member to fill a vacancy among the members appointed by it. The Company and the Union shall notify the other in writing of the members respectively appointed by it before any such appointment shall be effective.
- 2) At least 2 Union members and 2 Company members shall be required to be present at any meeting of the Board in order to constitute a quorum for the transaction of business. At all meetings of the Board the Company members shall have a total of 3 votes and the Union member shall have a total of 3 votes, the vote of any absent member being divided equally between the members present appointed by the same party. Decisions of the Board shall be by a majority of the votes cast.
- 3) In case of a deadlock on matters involving the processing of individual cases, an Arbitrator shall be selected by the Board to cast the deciding vote. The Arbitrator will not be counted for the purpose of a quorum, and will vote only in case of a failure of the Board to agree upon a matter which is properly before the Board and within the Board's authority to determine. The Arbitrator may vote only on matters involving the processing of individual cases and not on the development of procedures. The fees and expenses of the Arbitrator when required will be paid one-half by the Company and one-half by the Union.
- 4) Neither the Board nor any Local Committee, established pursuant to Subsection (b) of this Section, shall maintain any separate office or staff, but the Company and the Union shall be responsible for furnishing the clerical and other assistance as its respective members of the Board and any Local Committee shall require. Copies of all appeals, reports and other documents filed in duplicate, with 1 copy to be sent to Company members at the address designated by them and the other to be sent to the Union members at the address designated by them.

**b) Powers and Authority of the Board**

- 1) It shall be the function of the Board to exercise ultimate responsibility for determining whether an Employee is eligible for a Benefit or Separation Payment under the terms of the Plan, and if so, the amount of the Benefit or Separation Payment.

The Board shall be presumed conclusively to have approved any initial determination by the Company unless the determination is appealed as set forth in Section 3(b) of Article V.

- 2) The Board shall be empowered and authorized and shall have jurisdiction:
  - i. to hear and determine appeals by Employees;
  - ii. to obtain such information as the Board shall deem necessary in order to determine such appeals;
  - iii. to prescribe the form and content of appeals to the Board and such detailed procedures as may be necessary with respect to the filing of such appeals;
  - iv. to direct the Company to notify the Trustee to pay benefits or Separation Payments pursuant to the determinations made by the Local Committee or the Board;
  - v. to perform such other duties as are expressly conferred upon it by the Plan; and
  - vi. to rule upon disputes as to whether any Short Workweek resulted from an act of God as defined in Article VII, Section 5(b)(1).
- 3) In ruling upon appeals, the Board shall have no authority to waive, vary, qualify, or alter in any manner the eligibility requirements set forth in the Plan, the procedure for applying the Benefits or Separation Payments as provided therein, or any other provision of the Plan; and shall have no jurisdiction other than to determine, on the basis of the facts presented and in accordance with the provisions of the Plan:
  - i. Whether the first stage appeal and the appeal to the Board were made within the time and the manner specified in Section 3(b) of Article V,
  - ii. whether the Employee is eligible with respect to the Benefit or Separation Payment claimed and if so,

- iii. the amount of any Benefit or Separation Payment payable; and
  - iv. whether a protest of an Employee's State System Benefit by the Company is frivolous.
- 4) The Board shall have no jurisdiction to act upon any appeal filed after the applicable time limit or upon any appeal that does not comply with the Board-established procedures.
  - 5) The Board shall have no power to determine questions arising under the Collective Bargaining Agreement, even though relevant to the issue before the Board. All such questions shall be determined through the regular procedures provided therefore by the Collective Bargaining Agreement, and all determinations made pursuant to the Agreement shall be accepted by the Board.
  - 6) Nothing in this Article shall be deemed to give the Board the power to prescribe in any manner internal procedures or operations of either the Company or the Union.
  - 7) The Board shall provide for a Local Committee at each Plant of the Company to handle appeals from determinations as provided in Section 3(b)(1) of Article V, except determinations made in connection with Section 1(b)(xii) of Article I. The Local Committee shall be composed of two members or their alternates designated by Company members of the Board and two members or their alternates designated by Union members of the Board. Either the Company or the Union members of the Board may remove a Local Committee member appointed by them and fill any vacancy among the Local Committee appointed by them.

### SECTION 3. DETERMINATION OF DEPENDENTS

In determining an Employee's Dependents for purposes of Regular Benefit determinations, the Company (and the Board) shall be entitled to rely upon the official form filed by the Employee with the Company for income tax withholding purposes, and the Employee shall have the burden of establishing separately with respect to each of his benefit years under the State System that he is entitled to a greater number of withholding exemptions than he shall have claimed on such form.

### SECTION 4. TO WHOM BENEFITS AND SEPARATION PAYMENTS ARE PAYABLE IN CERTAIN CONDITIONS

Benefits and Separation Payments shall be payable hereunder only to the eligible Employee, except that if the Board shall find that the Employee is deceased or is unable to manage his affairs for any reason, any Benefit or Separation Payment payable to him

shall be paid to his duly appointed legal representative, if there be one, and if not, to the spouse, parents, children, or other relatives or dependents of the Employee as the Board in its discretion may determine. Any benefit or Separation Payment so paid shall be a complete discharge of any liability with respect to such Benefit or Separation Payment so paid shall be a complete liability with respect to such Benefit or Separation Payment. In the case of death, no Benefit shall be payable with respect to any period following the last day of layoff immediately preceding the Employee's death.

#### SECTION 5. NONALIENATION OF BENEFITS AND SEPARATION PAYMENTS

No Benefit or Separation Payment shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution or encumbrance of any kind and any attempt to accomplish the same shall be void. In the event that the Board shall find that such an attempt has been made with respect to any such Benefit or Separation Payment due or to become due to any Employee, the Board in its sole discretion may terminate the interest of such Employee in such Benefit or Separation Payment to or for benefit of such Employee, his spouse, parents, children or other relatives or dependents as the Board may determine, and any such application shall be a complete discharge of all liability with respect to such Benefit or Separation Payment.

#### SECTION 6. APPLICABLE LAW

Except as it may be superseded by the Employee Retirement Income Security Act of 1974, the Plan and all rights and duties thereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan, except that the eligibility of a person for, and the amount and duration of, State Systems Benefits shall be determined in accordance with the state laws of the applicable State System.

### ARTICLE VII

#### Financial Provisions And Reports

#### SECTION 1. ESTABLISHMENT OF FUND

The Company shall establish, in accordance with the Plan, a Fund with a qualified bank or banks or a qualified trust company or companies selected by the Company as Trustee. The Company's contributions shall be made into the Fund, the assets of which shall be held, invested and applied by the Trustee, all in accordance with the Plan. Benefits and Separation Payments shall be payable only from the Fund. The Company shall provide in the Trust Agreement that the assets of the Fund shall be held in cash or invested only in general obligations of any agency or instrumentality of the United States Government or of any United States Government-sponsored private corporation, or obligations of any other organization which are backed by the full faith and credit of or are a contractual obligation of the United States, irrespective of the rate of return, or the absence of any return thereon; and without any absolute or relative limit upon the amount that may be invested in one or more types of investment. The Trustee shall not be liable for the making

or retaining of any such investment or for realized or unrealized loss thereon whether from normal or abnormal economic conditions or otherwise.

## SECTION 2. MAXIMUM FUNDING, MAXIMUM CASH FUNDING, AND MAXIMUM CONTINGENT LIABILITY

The Company shall determine a Maximum Cash Funding and a Maximum Contingent Liability, the sum of which shall equal Maximum Funding.

### **a) Maximum Funding**

The Maximum Funding of the Fund shall be determined for each calendar month by multiplying the Average Full Benefit Rate by 12 and this result by the sum of:

- 1) The number of Covered Employees on the Active Employment Rolls, and
- 2) The number of persons laid off from work as Covered Employees who are not on the Active Employment Rolls but who have Credit Units.

Both numbers being determined by the Company as of the latest date for which the figures are available prior to the first Monday in the month for which the Maximum Funding is being determined.

- 3) The Average Full Benefit Rate for the purpose of determining Maximum Funding shall be computed monthly and shall be:

the amount determined by dividing the sum of all Full Benefits paid during the 12 months immediately prior to the month next preceding the month for which Maximum Funding is being determined by the number of such Benefits. If no Benefits were paid during the 12 month period, the Average Full Benefit Rate schedule shall be \$70.00 (\$90.00 during the 12-month period beginning September, 1983).

- 4) A Full Benefit shall mean a Regular Benefit which has not been reduced because of Other Compensation as defined in Section 4(a) of Article II, and a Leveling Week Benefit.

### **b) Maximum Cash Funding**

The Maximum Cash Funding of the Fund shall be determined for each calendar month by multiplying the Average Benefit Rate by 12 and this result by the sum of:

- 1) The number of Covered Employees on the Active Employment Rolls with at least one but less than 15 years' seniority, and

- 2) The number of persons laid off from work as Covered Employees who are not on the Active Employment Rolls but who have Credit Units, both numbers being determined by the Company as of the latest date for which the figures are available prior to the first Monday in the month for which the Maximum Cash Funding is being determined.
- 3) The Average Benefit Rate for the purpose of determining Maximum Cash Funding shall be computed monthly and shall be:

the amount determined by dividing the sum of all Benefits paid during the 12 months immediately prior to the month next preceding the month for which Maximum Cash Funding is being determined by the number of such Benefits, but in no event shall it be less than 80% of the Average Full Benefit Rate.

**c) Maximum Contingent Liability**

For any calendar month in which the total assets in the Fund are less than Maximum Funding, the Company shall have a Maximum Contingent Liability which shall be the lesser of (1) the difference between Maximum Funding and the total assets in the Fund, and (2) the difference between Maximum Funding and the Maximum Cash Funding requirement as determined under this Plan.

**SECTION 3. CREDIT UNIT CANCELLATION BASE**

- a) A CUCB shall be determined for each calendar month in the following manner: The current market value of the total assets in the Fund as of the last business day of the preceding month as certified by the Trustee plus the accumulated Contingent Liability at that time (plus, as provided in Section 5 (b)(2) of this Article, additional contribution amounts, if any, to be added to the market value for Automatic Short Week or for Scheduled Short Work Weeks paid during the previous month), shall be divided by the number of Covered Employees and persons used in determining Maximum Funding for such month.
- b) The CUCB for any particular month shall be applied to each of the Pay Periods beginning within such month; provided, however, that whenever the CUCB for any particular month is less than \$139.50 the CUCB shall be applied only to the first Pay Period beginning within such month, and there after there shall be determined a CUCB for each Pay Period until the CUCB for a particular Pay Period equals or exceeds \$139.50. When the CUCB for a particular Pay Period equals or exceeds such amount, such CUCB shall be applied to each Pay Period until a CUCB for the following calendar month shall be applicable. The CUCB for a particular Pay Period shall be determined on the basis of the current market value of the total assets in the Fund as of the close of business on the Friday preceding such Pay Period as certified by the Trustee plus the accumulated Contingent Liability at that time (plus as provided in Section 5(b)(2) of this

Article, additional contribution amounts, if any, to be added to the market value for Automatic Short Week Benefits for Scheduled Short Work Weeks paid during the previous month).

#### SECTION 4. FINALITY OF DETERMINATIONS

No adjustment in the Maximum Cash Funding, Maximum Contingent Liability or the CUCB shall be made on account of any subsequently discovered error in the computations, or the figures used in making the computations, unless such adjustment is practicable. Any adjustment made shall only be prospective in effect, unless such adjustment would be substantial in the opinion of the Company. Nothing in the foregoing shall be construed to excuse the Company from making up any shortage in its contributions to the Fund.

#### SECTION 5. COMPANY CONTRIBUTIONS

##### **a) General**

- 1) With respect to Pay Periods on or after May 4, 1995, the Company contributions will be an amount determined by multiplying:
  - i. the number of straight time hours, time and one half hours and double time hours, respectively, for which Employees shall have received pay from the Company for such Pay Period, by
  - ii. the applicable number of cents-per-hour, dependant upon the percentage relationship of the value of the asset of the Fund to the Maximum Cash Funding of the Fund, as determined in accordance with the following table:

If at the beginning of the month the percentage relationship of the value of the assets of the Fund to the Maximum Funding is:	Less than 50.0%		
	(A) Applicable number of cents per straight time hour	(B) Applicable number of cents per time and one half hour	(C) Applicable number of cents per double time hour
81.25%	\$.21	\$.27	\$.33
50.0 but less than 81.25%	.25	.31	.37
Less than 50.0%	.28	.34	.40

2) Effective June 1, 1995, the following table shall be applicable:

If at the beginning of the month the percentage relationship of the value of the assets of the Fund to the Maximum Funding is:	(A)	(B)	(C)
	Applicable number of cents per straight time hour	Applicable number of cents per time and one half hour	Applicable number of cents per double time hour
81.25%	\$.22	\$.28	\$.34
50.0 but less than 81.25%	.26	.32	.38
Less than 50.0%	.29	.35	.41

**b) Short Work Week Contributions**

- 1) After calendar year 1982 and after each subsequent calendar year, if the marked value of the assets of the Fund as of the latest date for which the figures are available prior to the first Monday in January, 1983 and each January thereafter is less than 100% of Maximum Funding, the Company shall make contribution to the Fund, if required by the following computation, in an amount equal to the amount, if any, by which (a) the total dollar amount of Short Week Benefits paid for layoff that occurred during Pay Periods beginning in the preceding calendar year (excluding any such Benefit paid for a layoff resulting exclusively from an act of God, as defined below, or part of such Benefit attributable to the period during which the act of God continues to necessitate the layoff) exceeds (b) the amount determined by multiplying five cents (\$.05) by the total number of hours for which Employees received pay from the Company



for Pay Periods beginning in such calendar year but not in excess of the amount necessary to increase the market value of the assets of the Fund to 100% of Maximum Funding. The term "act of God" as used in this Subsection means an occurrence or circumstances directly affecting Company Plant or Plants which results from natural causes exclusively and is in no sense attributable to human negligence, influence, intervention or control; the result solely of natural causes and not of human acts.

- 2) In addition to the contributions otherwise required by this Article, the Company shall contribute to the Fund the amount of any Automatic Short Week Benefits paid from the Fund for Scheduled Short Work Weeks for any Pay Periods for which the CUCB is less than \$300. The amount of any contribution under this Subsection shall be added to the market value of the assets of the Fund for purposes of determining the CUCB to be used for all purposes under the Plan for the month with respect to which any such contribution is made.

**c) Reduction in Contributions**

- 1) The Company's contributions to the Fund, as determined under Subsections (a) and (b) of this Section shall be reduced by:
  - i. the amounts of Short Week Benefits paid directly by the Company; and
  - ii. the amount of any Benefits and lump sum payments paid by the Company during the period to Separated Employees under other Agreements between the Company and the Union which specifically provide that the amount of such Benefits and lump sum payments as are to be paid thereunder will be deducted from contributions required under the Plan.
- 2) If contributions to the Fund are not required for any period, or if the contributions required are less than the amounts to be offset under Paragraph (1) above, then any subsequently required contributions shall be reduced by the amount not previously offset against contributions. Any such amount not previously offset against contributions shall be deducted from the market value of the assets in the Fund in determining the CUCB and whether the Fund equals or exceeds Maximum Cash Funding.

**d) Definition of Schedule and Unscheduled Short Workweeks**

- 1) For purposes of the Plan, a Scheduled Short Workweek with respect to an Employee is a Short Workweek which management schedules in order to reduce the production of the Plant, department, or other unit in which the

Employee works, to a level below the level at which the production of such Plant, department or unit would be for the Week were it not a Short Workweek, but only where such reduction of production is for the purpose of adjusting production to customer demand

- 2) For purposes of the Plan, an **Unscheduled Short Workweek** with respect to an Employee is any **Short Workweek**:
  - i. which is not a scheduled Short Workweek as defined in subsection (1) above;
  - ii. in which an Employee returns to work from layoff to replace a separated or absent Employee (including an Employee failing to respond or tardy in responding to recall); or returns to work after a full Week of layoff in connection with an increase in production, but only to the extent that the Short Workweek is attributable to such cause; or
  - iii. in which an Employee works a Short Workweek due to cancellation of orders by customers in the middle of such Week or a Short Workweek because of material shortage, machine breakdown, scrap, and/or rework; or
  - iv. in which Management schedules a Short Workweek because of an unexpected instruction by a customer received in such Week to reduce or halt or to increase or resume production

The Company will advise the Union members of the Local Committee at the time of layoff of the reason or reasons for any Short Workweek involving a substantial number of Employees. In addition, with respect to any Short Workweek layoff that results from an act of God, the Company will give written notice to the Union members of the Local Committee and to the Union no later than the end of the Week following the Short Workweek showing the reason or reasons for such Short Workweek, and an explanation of the incident which caused the Company to determine that the layoff was the result of an act of God, as defined in Section 5(b) of this Article.

- 3) For any Short Workweek which includes both **Schedule and Unscheduled Short Workweek** circumstances with respect to an Employee:
  - i. the number of hours by which 40 exceeds his Compensated or Available hours shall be deemed to be hours for which a benefit for a Scheduled Short Workweek will be paid to the extent that such

hours do not exceed the hours not worked for reasons set forth in Subsection 1 above, and

- ii. any remaining hours shall be deemed to be hours for which a benefit for an Unscheduled Short Workweek will be paid.

**e) When Contributions are Payable**

- 1) Each contribution by the Company shall be made on or before the close of business or the first regularly scheduled work day in the second calendar week following the pay day for the pay period with respect to which the contribution is being made.
- 2) Contributions with respect to covered employees at any additional Plant at which the Collective Bargaining Agreement becomes applicable shall commence with respect to the first pay period beginning after:
  - i. the date of certification by the National Labor Relations Board of the Union as the collective bargaining representative of Employees at such Plant, or,
  - ii. if recognition is by agreement, the effective date of the agreement by which the Company recognized the Union as the collective bargaining representative of employees at such Plant.

**f) Effect of Withholding**

If the Company at any time shall be required to withhold an amount from any contribution to the Fund by reason of any federal, state, or municipal law or regulation, the Company shall have the right to deduct such amount from such contribution and pay only the balance to the Fund.

**g) No Contribution Obligation**

Notwithstanding any other provision of this Plan, the Company shall not be obligated to make any contribution to the Fund with respect to any Pay Period which begins within a month for which the current market value of the assets in the Fund (determined as of the last business day of the preceding month) is equal to or in excess of the Maximum Cash Funding and no contribution to the Fund for any Pay Period shall be in excess of the amount necessary to bring the total market value of the assets in the Fund up to the Maximum Cash Funding.

**SECTION 6. ACCUMULATED CONTINGENT LIABILITY**

If, for any Pay Period for which a funding determination is made pursuant to Section 2(A) of this Article (a) the Maximum Contingent Liability exceeds the Accumulated

Contingent Liability and (b) the Company is not obligated to make contributions to the Fund for all hours that employees shall have received pay from the Company, for such pay period, the Company shall accumulate a Contingent Liability determined by multiplying the Contribution Rate by the total number of hours for which Covered Employees shall have received pay from the Company (excluding any hours for which Benefits hereunder were payable and any hours for which the Company is obligated to make contributions to the Fund) for such Pay Period (or such lesser amount as will bring the total Accumulated Contingent Liability up to the Maximum Contingent Liability).

The Company shall not be obligated to contribute any of the Accumulated Contingent Liability to the Fund unless and until the total assets in the Fund shall be less than 10% of the Maximum Funding of the Fund as determined under the 1965 SUB Plan. In such event, the Company shall be obligated to contribute to the Fund for such Pay Period only that amount of the Accumulated Contingent Liability (and only to the extent of such Accumulated Contingent Liability), as may be necessary to pay benefits due and to raise the level of the total assets in the Fund to 10% of the Maximum Funding.

#### SECTION 7. MAXIMUM LIABILITY

The Company's obligations under this Plan shall in no event require the Company to contribute to the Fund or to accumulate any Contingent Liability, when and as required by the terms of this Plan, a sum greater than the Contribution Rate multiplied by the total number of hours for which Covered Employees shall have received pay from the Company (excluding any hours for which Benefits hereunder were payable).

#### SECTION 8. LIABILITY

- a) The provisions of these Articles I through IX, together with the provisions of any Alternate Benefit plans established and maintained pursuant to the Plan, constitute the entire Plan. The provisions of this Article with respect to contributions express and shall be deemed to express completely, each and every obligation of the Company with respect to the financing of the Plan and providing for Benefits and Separation Payments.

The Company shall not be obligated to make up, or to provide for making up, any depreciation, or loss arising from depreciation, in the value of the securities held in the Fund (other than as contributions by the Company may be required under the provisions of this Article when the market value of the assets of the Fund is less than the Maximum Cash Funding); and the Union shall not call upon the Company to make up, or to provide for making up, any such depreciation or loss.

- b) The Board, the Company, the Trustee, and the Union, and each of them, shall not be liable because of any act or failure to act on the part of any of the others, and each is authorized to rely upon the correctness of any information furnished to it by an authorized representative of any of the others.

- c) Notwithstanding the above provisions, nothing in this Section shall be deemed to relieve any person from liability for willful misconduct or fraud.

## SECTION 9. NO VESTED INTEREST

No Employee shall have any right, title, or interest in or to any of the assets of the Fund, or in or to any Company contribution thereto.

## SECTION 10. REPORTS

### **a) Reports by the Company**

- 1) The Company shall notify the board and the Union with reasonable promptness of the amount of Maximum Funding Maximum Cash Funding. Maximum Contingent Liability, and Accumulated Contingent Liability as determined under this Plan and the CUCB as determined by it from time to time under the Plan and shall furnish a statement showing the Average Full Benefit Rate and the number of covered Employees on the Active Employment Rolls and the number of laid off persons not on the Active Employment Rolls but having Credit Units upon the basis of which such determination was made.
- 2) Within 10 working days after the commencement of each month the Company shall furnish a statement to the Union showing for the preceding month:
  - i. the number of hours for which covered employees shall have received pay from the Company and the number of such hours with respect to which the Company shall not have made contributions to the Fund as provided in Section 5(g) of this Article during each period for which contributions were made to the Fund or would have been made to the Fund except for the provision of Section 5(g) of this Article,
  - ii. the number of hours and the amount of the Company contributions at each applicable number of cents per hour which the Company shall have made to the Fund,
  - iii. the amount of the Company contribution, with respect to Automatic Short Week Benefits paid from the Fund for Scheduled Short Workweeks, which shall have been made to the Fund as required by Section 5(b) of (his Article, and
  - iv. the total amount of the Company contribution which was made to the Fund.

- 3) The Company shall furnish the Board and the Union quarterly, a listing by Plant showing the names of the persons who, during the preceding calendar quarter, accepted a Separation Payment, together with both the individual gross and net amounts of such Separation Payments.
- 4) On or before January 31, of each year, the Company shall furnish to the Union a statement showing the number of benefits paid from the Fund during the preceding year which were limited by the maximum under the provisions of Section 1(a) or Section 1(b) of Article 11.
- 5) On or before April 30 of each year, the Company shall furnish to the Union a statement, certified by a qualified independent firm of certified public accountants selected by the Company, verifying the accuracy of the information furnished by the Company during the preceding year pursuant to Subsection (a)(1) and (a)(2) of this Section.
- 6) The Company shall furnish annually to each Employee who received Benefits or a Separation Payment, or both during the year a statement showing the total amount received.
- 7) The Company will comply with reasonable requests by the Union for other statistical information on the operation of the Plan which the Company may have compiled.
- 8) On or before January 31, of each year, the Company shall furnish to the Union a statement showing the number of Employees receiving Regular Benefits during the preceding year, distributed according to the number of such Benefits received.
- 9) On or before January 31, of each year, the Company shall furnish to the Union a statement showing the average State System Benefit received by Employees for weeks with respect to which they received Regular Benefits paid without reduction for Other Compensation as defined in Section 3(a) of Article 11 during the preceding year.
- 10) On or before March 1 of each year, the Company shall furnish to the Union a statement showing the number of Guaranteed Annual Income Credit Units credited to Employees on the preceding Guarantee Date, distributed according to the Seniority brackets set forth in the table in Section 1(a) of Article III-A and according to the number of Credit Units which were credited (numbers above 13 being Grouped in intervals of 5).
- 11) The Company will prepare a tabulated listing of employee credit unit balances as of the GAIC Guarantee Date. The Industrial Relations Department will make this listing available for employee information

purposes. A copy will be given to the appropriate local union representative.

**b) Reports by the Trustee**

- 1) Within 10 days after the commencement of each month the Trustee shall be required to furnish to the Board, the Union, and the Company, a statement showing the amounts received from the Company for the Fund during the preceding month.
- 2) Not later than the second Tuesday following the first Monday of each month, the Trustee shall furnish to the Board, the Union, and the Company, a statement showing the total market value of the Fund as of the last business day of the preceding month, and a statement showing by type of benefit the number and amounts, if any, paid from the Fund during each Week of the preceding month as:
  - i. Regular Benefits paid without reduction for Other Compensation as defined in Section 3(a) of Article II,
  - ii. Other Regular Benefits,
  - iii. Benefits paid to Employees who were ineligible for State System Benefits for one or more of the reasons specified in Section 1(b) of Article I,
  - iv. Benefits paid to Employees who were eligible with respect to some but not all of the regular work days in a Week, as provided in Section 3(c) of Article I,
  - v. Automatic Short Week Benefit payments,
  - vi. Separation Payments.

**SECTION 11. COST OF ADMINISTERING THE PLAN**

**a) Expense of Trustee**

The costs and expenses incurred by the Trustee under the Plan and the fees charged by the Trustee shall be charged to the Fund.

**b) Expenses of the Board of Administration**

The Compensation of the Chairperson of the Board, which shall be in such amount and on such basis as may be determined by the other members of the Board, shall be shared equally by the Company and the Union. The Company

members and the Union members of the Board and of Local Committees shall serve without compensation from the Fund. Reasonable and necessary expenses of the Board for forms and stationery required in connection with the handling of appeals shall be borne by the Company.

**c) Cost of Services**

The Company shall be reimbursed each year from the Fund for the cost to the Company of bank fees and auditing fees for services performed in connection with the Plan and the Fund.

**SECTION 12. BENEFIT AND SEPARATION PAYMENT DRAFTS NOT PRESENTED**

If the Trustee has segregated any portion of the Fund in connection with any determination that a Benefit or Separation Payment is payable under the Plan and the amount of such Benefit or Separation Payment is not claimed within a period of 2 years from the date of such determination, such amount shall revert to the Fund.

**ARTICLE VIII  
Miscellaneous**

**SECTION 1. PURPOSE OF PLAN AND STATUS OF EMPLOYEES RECEIVING BENEFITS AND SEPARATION PAYMENTS**

**a) Purpose of Plan**

It is the purpose of this Plan to supplement State System Benefits and not to replace or duplicate them.

**b) Status of Employees Receiving Benefits and Separation Payments**

Neither the Company's contributions nor any Regular Benefit or Separation Payment paid under the Plan shall be considered a part of any Employee's wages for any purpose except as Separation Payments, paid under Article IV, Section 1(a), and Regular Benefits are treated as if they were "wages" solely for purposes of federal income tax withholding as provided in the 1969 Tax Reform Act). No person who receives any Regular Benefit or Separation Payment shall for that reason be deemed an Employee of the Company during such period, and he shall not, thereby accrue any greater right to participate in, accrue credits or receive benefits under any other employee benefit plan to which the Company contributes than he would if he were not receiving such Regular Benefit or Separation Payment.

**SECTION 2. EFFECT OF REVOCATION OF FEDERAL RULINGS**



In the event that any rulings or determination letters which have been or may be obtained by the Company holding:

- a) That contributions to the Fund shall constitute currently deductible expenses and that the Fund shall be exempt from income taxes under the Internal Revenue Code of 1954, as now in effect or as it may be hereafter amended or under any other applicable federal income tax law, or
- b) That no part of any such contributions or of any benefits paid shall be included for purposes of the Fair Labor Standards Act in the Regular rate of any Employee, shall be revoked or modified in such manner as no longer to be satisfactory to the Company, all obligations of the Company under the Plan shall cease and the Plan shall thereupon terminate and be of no further effect (without in any way affecting the validity or operation of the Collective Bargaining Agreement) except for the purposes of disposing of the assets of the Fund as set forth in Section 4(b) of this Article.

### SECTION 3. ALTERNATE BENEFITS

With respect to any state in which Supplementation is not permitted, the parties shall endeavor to negotiate an agreement establishing a plan for Alternate Benefits not inconsistent with the purposes of the Plan. Any agreement so reached shall not apply to Employees in such states who are ineligible to receive State System Benefits for any of the reasons stated in Section 1(b) of Article I of the Plan. Such Employees if otherwise eligible, may apply for and receive a Regular Benefit under the Plan. Automatic Short Week Benefits will be payable to eligible Employees in such state.

### SECTION 4. AMENDMENT AND TERMINATION OF THE PLAN

- a) So long as the Agreement concerning Supplemental Unemployment Benefit Plan shall remain in effect, the Plan shall not be amended, modified, suspended, or terminated, except as may be proper or permissible under the terms of the Plan or such Agreement

Upon the termination of such Agreement, the Company shall have the right to continue the Plan in effect and to modify, amend, suspend, or terminate the Plan, except as may be otherwise provided in any subsequent Agreement between the Company and the Union.

- b) Upon any termination of the Plan, the Plan shall terminate in all respects except that the assets then remaining in the Fund shall be used to pay expenses of administration and to pay Benefits to eligible Employees for a period or one year following termination, if not sooner exhausted. The Plan provisions with respect to the effect of a low CUCB on the payment of Benefits shall not be applicable. At the expiration of such one year period, the parties shall endeavor to negotiate a

program for the orderly disposition of any remaining assets of the Fund for Employee Benefits not inconsistent with the purposes of the Plan.

ARTICLE IX  
Definitions

**As Used Herein:**

- 1) **"Active Employment Roll"**: An Employee shall be deemed to be on the Active Employment Roll:
  - a) while he is on an authorized vacation,
  - b) while he is on an authorized leave of absence (other than a medical leave) which is limited, when issued, to 90 days or less,
  - c) during the first 90 days he is on medical leave of absence,
  - d) while he is on a temporary layoff which does not exceed 30 days,
  - e) while he is on a disciplinary layoff, or
  - f) while he is absent without leave up to 10 calendar days from his last day worked;
  
- 2) **"Base Hourly Rate"** (exclusive of cost-of-living allowance) means:
  - a) with respect to a Regular Benefit or Separation Payment, the Employee's straight-time hourly rate on his last day of work in the Bargaining Unit: except that
    - i. if the Employee claims and it is established that he was paid at a higher straight-time hourly rate by the Company for work performed while in the Contract Unit and within 90 calendar days immediately preceding his last day worked, Base Hourly Rate shall be such higher rate; or
    - ii. if an Employee claims and it is established that he worked under an incentive plan in at least 4 Pay Periods in the Contract Unit within 90 calendar days immediately preceding his last day worked, Base Hourly Rate shall be the Employee's average earned hourly rate for the last 4 Pay Periods in which he worked in the Contract Unit and for which he had any incentive earnings or, if higher, the Employee's average earned hourly rate for the first 4 Pay Periods worked in the Contract Unit and for which he had any incentive

earnings subsequent to the 90th calendar day immediately preceding his last day worked. Such average earned hourly rate shall be computed by dividing the total straight-time hourly earnings (excluding all other premiums and bonuses of any kind) for all hours worked during the applicable Pay Periods by the total number of straight-time hours worked during such Pay Periods;

- b) with respect to an Automatic Short Week Benefit, the highest straight-time hourly rate paid the Employee while in the Contract Unit for work during the Pay Period in which the Short Work Week occurs; or in the case of an Employee who worked under an incentive plan at any time during the Pay Period in which the Short Work Week occurs, the average earned hourly rate for his last Pay Period worked in the Contract Unit immediately preceding the week in which the Short Work Week occurs;
  - c) with respect to a Regular Benefit or Automatic Short Week Benefit, the Base Hourly Rate as determined in Subsection (a) or (b) above, shall be adjusted to reflect the amount of the improvement factor increase which became effective (pursuant to the Collective Bargaining Agreement) after the day or period used to establish his Base Hourly Rate. In such event the amount of improvement factor increase shall be the amount applicable to the job classification in which the Employee worked either on the day, or the last day of the period for which his Base Hourly Rate was determined under (a) or (b) above. The Base Hourly Rate adjustment due to the improvement factor increase shall be effective with respect to Benefits which may be payable for and subsequent to the Week in which such improvement factor increase became or becomes effective;
- 3) **"Benefit"** means a Regular Benefit, an Automatic Short Week Benefit, an Alternate Benefit, a Leveling Week Benefit, or any two or more as indicated by the context:
- a) **"Alternate Benefit"** means the Benefit payable to an eligible Employee, in certain circumstances, in a State which does not permit Supplementation;
  - b) **"Automatic Short Week Benefit"** means the Benefit payable:
    - i. to an eligible Employee for a Short Work Week.
  - c) **"Leveling Week Benefit"** means the Regular Benefit payable to an eligible Employee because, with respect to the Week, he was serving a State System "waiting week" during a period while he had sufficient Seniority to work in the Plant but was laid off out of line of Seniority in accordance with the terms of the Collective Bargaining Agreement

provided he is otherwise eligible under the provisions of Section 1(b)(v) of Article I of the Supplemental Unemployment Benefit Plan

- d) **"Regular Benefit"** means the Benefit payable to an eligible Employee for a Week of layoff in which he performed no work for the Company, and received no jury duty pay, military pay or bereavement pay from the Company, or for which he received holiday pay from the Company if he was not eligible for an Automatic Short Week Benefit for such week.
- 4) **"Board"** means the joint Board of Administration under the Plan;
- 5) **"Break in Seniority"** means break in or loss of Seniority pursuant to the Collective Bargaining Agreement;
- 6) **"Collective Bargaining Agreement"** means the currently effective collective bargaining agreement between the Company and the Union which is in effect at the particular time;
- 7) **"Company"** means AlliedSignal Inc.;
- 8) **"Compensated or Available Hours"** for a Work Week shall include:
- a) all hours for which an Employee receives pay from the Company (including call-in pay, holiday pay, and pay for scheduled vacations, but excluding pay in lieu of vacation) with each hour paid at premium rates to be counted as 1 hour;
  - b) all hours scheduled or made available by the Company but not worked by the Employee after reasonable notice has been given to the Employee (including any period of leave of absence): provided, however, if the hours made available but not worked were: overtime hours which the Employee was prohibited from working due to written restrictions concerning the number of hours that the Employee could work on a given day or in a given Week, imposed by the Employee's personal physician and concurred in by the Plant Physician; such hours are not to be considered as hours made available by the Company;
  - c) all hours not worked by the Employee because of any of the reasons disqualifying an Employee from receiving a Benefit under Section 3(b)(2) of Article I;
  - d) all hours not worked by the Employee which are in accordance with a written agreement between the local Management and the local Union or which are attributable to absenteeism of other Employees: plus

- e) with respect to a Part Time Employee, or an Employee on a three-shift operation on which 8-hour shifts of work are not scheduled or an Employee on any shift of work on which less than 40 hours of work per Week are regularly scheduled, the number of hours for which such Employee is regularly compensated during a Work Week are less than 40;
- 9) "**Contract Unit**" means the unit of employees covered at the particular time by the Collective Bargaining Agreement;
- 10) "**Covered Employee**" means an employee in a State in which the provisions of the Plan relating to Benefits are in effect;
- 11) "**Credit Unit**" means a Credit Unit, or fraction thereof, credited to an Employee under the Plan generally for a Workweek for which he receives pay, and cancelled at specified rates for the payment of certain Benefits and includes a Guaranteed Annual Income Credit Unit credited pursuant to Article III-A;
- 12) "**CUCB**" (Credit Unit Cancellation Base) means an amount determined periodically (pursuant to Section 3 of Article VII) by dividing the market value of the assets in the Fund (as adjusted for certain amounts) by the sum of the number of covered Employees on the Active Employment Rolls plus those laid off with Credit Units;
- 13) "**Dependent**" means a person recognized as a dependent under the Internal Revenue Code for establishing the Employee's withholding tax exemptions;
- 14) "**Employee**" means an hourly-rated employee in a Bargaining Unit covered by the Plan;
- 15) "**Fund**" means a trust fund established under the Plan to receive and invest Company contributions and to pay Benefits and Separation Payments;
- 16) "**Local Committee**" means the Committee established by the Board with respect to each Plant to handle Employee appeals from Company determinations;
- 17) "**Plan**" means the amended Supplemental Unemployment Benefit Plan as set forth in this Exhibit C;

- 18) "**Part Time Employee**" means an hourly-rated Employee in the Contract Unit, excluding Employees on three-shift operations on which 8 hour shifts of work are not scheduled, who, on a regular and continuing basis, performs jobs having definitely established working hours, but the complete performance of which requires fewer hours of work than the regular Workweek, provided that the services of such Employee are normally available for at least half of the employing unit's regular Workweek;
- 19) "**Plant**" shall be deemed to include any manufacturing assembly plant, works, parts, depot, or other Company activity at which there are Employees;
- 20) "**Regular Benefit**" means a weekly Benefit payable under Section (1) of Article II (see definition of "Benefit");
- 21) "Scheduled Short Workweek" means a Short Workweek as described in Section 5(d)( I ) of Article VII;
- 22) "**Seniority**" means seniority status under the Collective Bargaining Agreement;
- 23) "**Separation Payment**" means a lump sum amount payable to an eligible Employee by reason of qualified layoff and certain separations from the Company because of termination or disability;
- 24) "**Short Workweek**" means a Workweek during which an Employee performs some work for the Company or receives some jury duty pay or bereavement pay from the Company but for which his Compensated or Available Hours for such Week are less than 40;
- 25) "**State Benefit and Other Compensation**" means a State System Benefit and other compensation or benefits for unemployment as defined in Section 3 of Article II;
- 26) "**State System**" means any system or program established pursuant to any state or federal law for paying benefits to persons on account of their unemployment under which a person's eligibility for benefit payments is not determined by application of a "means" or "disability" test; including any such system or program established for the primary purpose of education or vocational training which may provide for subsistence allowances or benefits to individuals not employed while undergoing such training;
- 27) "**State System Benefit**" means a benefit payable under a State System, including any dependency allowances and training allowances but (excluding any allowances for transportation or subsistence, equipment or other cost of training) and excluding any "back-to-work" payment for a week made, in addition to the regular State System Benefit otherwise payable for such week, to an applicant

who has been on layoff for a prescribed number of weeks and returned to full-time work within a prescribed period. If an Employee receives a Worker's Compensation Benefit while on layoff from the Company, only the amount by which the Worker' Compensation Benefit is increased shall be included;

28) "**Supplementation**" means recognition of the right of a person to receive both a State System Benefit and a Regular Benefit.

## INCOME EXTENSION AID

### A. Computation of Income Extension Aid

- 1) An employee with one or more years of continuous service will, in accordance with the provisions hereinafter set forth, have available Income Extension Aid computed on the basis of one week's pay for each of the employee's full years of continuous service plus 1/4 of a week's pay for each additional 3 months of continuous service at the time of layoff.
- 2) If the amount of Income Extension Aid available to any employee as computed in Subsection (A) (1) has been reduced by payments under any of the options below, then, providing he/she has returned to work from layoff, the total amount available as described in Subsection (A) (1) shall be automatically restored. This Subsection (2) shall not apply where payments have been made under Section 4 (B) (1) (iii) or under Plant Closing Section 2 where the employee is rehired within 6 months of termination, or under Preferential Placement Section 3(d) except, that when an employee makes repayments of benefits paid under such Section 4 (B) (1) (iii) or Section 2, this Subsection (A) (2) shall apply when he/she returns to work with respect to a subsequent layoff.
- 3) Minimum Benefit

The amount of the income Extension Aid benefit a computed under Section 4 (A) (1) shall be subject to a minimum benefit equal to 4 weeks' pay. An employee laid off while in the process of service restoration under Article XV Section 2(C) shall qualify for the minimum benefit so long as his or her total service credits (including credits not yet restored) equal **12** months.

### B. Benefits Available at Layoff

- 1) An eligible employee laid off for lack of work may elect from the following:
  - i. The employee, while on layoff from the Company and so long as he/she is unemployed, may elect to receive a weekly payment from the Income Extension Aid payable to him/her, in such amounts and upon such conditions as set forth in this subsection.



Prior to the exhaustion of his/her entitlements to federal and state unemployment compensation benefits, the weekly payment shall be in that amount (if any) which, when added to the total federal and state unemployment compensation benefits received for that week, equals **seventy-five** percent of his/her weekly pay as defined in Section 1 (F), provided, however, that payment shall be made only if the employee has applied for and received unemployment compensation benefits for that week and only if he/she has provided the Company with satisfactory proof of the total of such benefits received for the week. In the event an employee seeking benefits under this Section 4 is denied unemployment compensation payment in whole or in part, solely because of a disability arising more than 31 days following layoff rendering the employee unable to work, or due to the receipt of public or private retirement income, because of insufficient earnings to establish unemployment compensation eligibility or because unemployment compensation benefits have been exhausted for the base year, that employee shall be entitled to weekly IEA payment as though there had been no such unemployment compensation disqualification.

After exhaustion of his/her entitlements to federal and state unemployment compensation benefits, the weekly payment shall be in that amount which equals **seventy-five** percent of his/her weekly pay as defined in Section, 1(F). Payments shall be continued only until the full amount for which the employee qualifies under Section 4(A) is paid

- ii. Payments (in such amount and upon such conditions as set forth above) may also be made to an employee on layoff while he/she is unemployed and attending a recognized trade or professional school or training course under the GE Individual Development Program, attendance at which makes him/her ineligible for state or federal unemployment compensation benefits. Percentage changes referenced in this Section 4(B) (1) (i) shall be effective **10/1/97**.
- iii. In any event, at the end of one year on layoff, or upon termination of continuity of service due to voluntary retirement, any balance in the Income Extension Aid available to him/her not therefore paid will be paid in a lump sum to the employee.

- iv. As a special option, an employee may, with the approval of local management, which approval shall not be unreasonably withheld, elect to receive the total amount of Income Extension Aid and any vacation or other accumulated allowances due, and at the time of such payment, terminate employment and thus forego recall rights.
  - 2) Income Extension payments made under Subsections (B) (1) (i) and (ii), above, shall not affect service credits previously accumulated, continuity of service and recall rights. It will not be necessary for an employee to repay any Income Extension Aid payable under said Subsections (B) (1) (i) and (ii) above.
  - 3) In the event an employee elects, as provided for in Section 7 (A) of Article XVII, Vacations, of this Agreement with respect to a scheduled shutdown period, to take the time off without pay as though on a temporary layoff, the employee shall not be eligible for Income Extension Aid for that scheduled shutdown period.
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**8e. Language Specifically Limiting Layoffs as a Result of Work Reorganization (due to HPWO, teams, employee involvement, and related activities)**

**McDonnell Douglas—IAM 837**

SUPPLEMENTAL UNDERSTANDING #24  
MDA Employability Plan

Productivity gains will lead to reduced product cost, and this, in turn, will lead to increased sales. Thus, the need for workers should remain constant or even grow. It is our desire to increase sales and expand our workforce because of these gains.

However, in the early stages of implementing High Performance Work Teams, it may become necessary to reduce the size of the workforce because the productivity gains have not yet led to increased sales. In addition, the mix of work may change, causing a reduction in need for some worker classifications and an increase to others.

In either circumstances, it is the intent of the Company to offer assistance to the displaced worker through this employability plan.

- I. When productivity gains cause a reduction or shift in the types of workers required, the Company will provide up to one year of training at a maximum cost of \$5,000 to any displaced worker. This training will be skill-based in the areas where we are experiencing a shortage (depleting the pool of laid-off workers in that classification). The worker will be expected to satisfy all certification requirements of the new position. If a worker cannot qualify for the new work, he will be placed on layoff status until there is a need in his current classification.
- II. If there are no jobs in the Company for which the displaced worker is qualified, the Company will assist the worker in his search for employment by:
  1. maintaining a database of other job opportunities within the local area;
  2. providing assistance in the job search process, which includes resume preparation, letter writing support, etc.
  3. providing up to one year of skills training in a field selected by the worker. This training is not to exceed \$5,000 per worker.

Displaced workers laid-off because of productivity gains must take advantage of the benefits offered in this plan within three (3) months of being laid off.

It is agreed and understood that this Supplemental Understanding is intended to apply to active employees on the payroll as of the date of contract ratification.

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## **8f. Language Allowing for Early Retirement as an Alternative to Layoffs**

### **General Electric—UAW647**

#### **1) Election**

An employee who is age sixty (60) or older with fifteen (15) or more years of continuous service and is assigned to a job classification which the Company has announced is expected to be directly adversely affected by a transfer of work, the discontinuance of a discrete, unreplaced product line, the introduction of a robot, or the introduction of an automated manufacturing machine may elect to be considered for termination with a Special Retirement Bonus. This election shall be made within fifteen (15) days following the Company announcement of its decision involving the transfer of work, the discontinuance of a discrete, unreplaced product line, introduction of a robot, or introduction of an automated manufacturing machine which is expected to result in the elimination of certain jobs.

#### **2) Procedure**

Eligible employees electing this option will be designated by their seniority for a Special Retirement Bonus. A termination under this option will be effective and the Special Retirement Bonus will be paid when a job in the particular job classification to which the eligible employee is assigned is directly eliminated by the previously announced transfer of work, the discontinuance of a discrete, unreplaced product line, introduction of a robot, or introduction of an automated manufacturing machine, which directly results in a net reduction in the total number of employees working in that same job classification.

#### **3) Special Payment**

This Special Retirement Bonus shall be \$10,000

#### **4) Indirect Bonus Eligibility**

In the event that the number of eligible employees electing this option is less than the number of employees directly adversely affected by the Company's announced action, opportunities to elect a Special Voluntary Layoff Bonus under Section 4(C) shall arise, up to the number of positions directly adversely affected

by the transfer of work, the discontinuance of a discrete, unreplaced product line, the introduction of an automated manufacturing machine. To be eligible an employee must be in a classification that is reduced due to displacement as a result of an announced Company action described above, and otherwise meets the criteria established in Section 4(C). Such displacement is hereby deemed to be a reduction of force of indefinite duration.

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## **8g. Language Allowing for Preferential Hiring Rights of Laid Off Employees at Other Locations**

### **General Electric—UAW 647**

#### **C. Special Placement Procedure**

##### 1) Election

An hourly rated employee whose job is directly eliminated by a transfer of work, the discontinuance of a discrete, unreplaced product line, the introduction of a robot, or the introduction of an automated manufacturing machine may request a Special Placement from the eliminated job in lieu of placement, displacement or layoff under the regular layoff and rehiring procedure. The Special Placement request must be made within two (2) working days following notification to the employee of the regular placement, displacement or layoff.

##### 2) Placement

- i. If a timely request is made, an eligible employee shall be placed, or displace with seniority, on an available equal or lower rated job classification if the employee has the necessary minimum qualifications for the job; provided the Special Placement would be on a higher rated job than that provided by the regular placement.
- ii. If an eligible employee who has made a timely request is unable to be placed under Section 3(C)(2)(i) above, such employee shall be placed, or displace with seniority, on an equal or lower rated job up to the top of the one month progression schedule without regard to the regular minimum qualifications for the job; provided the Special Placement would be on a higher rated job than that provided by the regular placement.

- iii. An employee placed under this Section 3(C) is required to achieve normal performance within the time period of the regular progression schedule.

#### **D. Optional Local Retraining and Placement Agreement**

Whenever the Company announces a transfer of work, the discontinuance of a discrete, unreplaced product line, the introduction of a robot, or the introduction of an automated manufacturing machine, the Local Union and local management may negotiate a Local Retraining and Placement Agreement.

#### **E. Preferential Placement**

##### 1) Eligibility

An employee eligible for; (i) Severance Pay under Section 2 or (ii) Income Extension Aid (“IEA”) resulting from being displaced and subject to layoff in the immediate chain of displacement resulting when a job is directly eliminated by a transfer of work, the discontinuation of a discrete, unreplaced product line, the introduction of a robot, or the introduction of a automated manufacturing or office machine may elect, prior to the employee’s termination for plant closing or layoff, and up to (30) days thereafter (except where the laid off employee has elected to receive his IEA in lump sum), to be placed in a Preferential Placement status

##### 2) Election Procedure

To elect Preferential Placement the employee shall designate up to three (3) domestic General Electric Company manufacturing plant, service shop or distribution center locations on forms provided exclusively by the Company. This election will not affect an individual’s continuity of service. Individuals who have made this election will be placed in Preferential Placement status either; (i) on their designated termination date for plant closing, or (ii) on their layoff date. Individuals otherwise eligible for Preferential Placement may request, following the conclusion of decision bargaining, that their plant closing or layoff date be advanced in order to assume Preferential Placement and accept Placement prior to their anticipated plant closing or layoff date. Local management shall give due regard to such request. Up to three locations substitutions to those designated will be permitted during the three year eligibility period. Locations which are opened or closed during this eligibility period may be added or eliminated from the designated location and shall not be considered one of the three substitutions, provided however that no more than three locations, maybe be designated at any one time. All such substitutions shall be made on forms provided by the Company.

3) Placement Standard

Individuals in Preferential Placement status will be given preference, to the extent practical, over new hires for job openings at the locations designated by them in order of their length of continuity of service when they possess the necessary job qualifications established by the hiring location. The term “necessary job qualifications” shall be applied based on the upgrade standard.

4) Benefits While in Preferential Placement Status

While in Preferential Placement status, an eligible employee will be paid IEA or IEA-type layoff benefits under the procedures set forth in Section 4(B)(1)(i) of this Article up to the amount, as applicable, of either; (i) the employee’s eligibility for Severance Pay under Section 2(B)(6) of this Article or, (ii) the employee’s eligibility for IEA under Section 4(A)(1) of this Article. For those employees affected by a Plant Closing, if at the end of the thirty (30) day period the employee does not elect to participate in Preferential Placement, the amount of Severance Pay available under Section 2, less any amount paid in IEA-type benefits, will be paid in lump sum and the employee will terminate service. Such payments shall be in lieu of any and all other benefits set forth in the applicable Section 2 or Section 3 of this Article; provided, however, that an eligible employee affected by a plant closing may receive reimbursement for authorized expenses incurred pursuant to Section 2(C)(2) respecting courses registered for within one year and completed within three years, of the employee’s scheduled plant closing date, and an eligible employee electing Preferential Placement form layoff status is eligible to participate in the Individual Development Program.

5) Seniority

Individuals placed or re-employed under this Section 3(E) will have seniority for the purpose of subsequent layoff, recall, upgrading and other seniority purposes at their new location based upon the established seniority procedures and practices at their new location. While working at a designated location as a result of Preferential Placement, an employee will not be eligible for recall to his old location.

6) Relocation Assistance

If an individual who elected Preferential Placement is placed or re-employed under this Section 3(E) within three (3) years from, as applicable, that individual’s designated date of termination for plant closing or layoff date, that employee shall be eligible for reimbursement

for substantial reasonable and necessary relocation expenses to the new location up to a maximum of \$2,000 for individual employees without dependants or \$4,000 for employees with dependents living in the employees home (as verified by federal income tax returns). An eligible individual who has elected Preferential Placement is eligible for reimbursement of documented expenses up to \$150 per visit incurred for the purpose of attending approved selection procedures established by the designated locations.

#### 7) Residual Benefits

If an employee who elected Preferential Placement is not placed or re-employed by the Company within one year from that individual's designated date of, as applicable, (i) termination for plant closing or (ii) layoff, that individual will, as appropriate, be deemed either: to have been terminated as of that individual's respective date of termination for plant closing and paid the Severance Pay the individual would have received under Section 2(B)(6) if the Preferential Placement status had not been elected, less any IEA-type benefits paid under 4 of this Section 3(E), or break service and be paid any remaining IEA under Section 4(A)(1), less any IEA benefits paid under paragraph 4 of this Section 3(E). If placed or re-employed from Preferential Placement status, weekly IEA-type or weekly IEA layoff benefits must be repaid in order to restore eligibility for future layoff benefits based on prior service; residual benefits described in this paragraph do not have to be repaid. This repayment obligation shall be reduced by the weekly amounts the employee earned under Section 2(B)(6) or Section 4(A)(1) as applicable, based on years of continuous service, for each year of continuous service or seniority previously acquired at the employee's prior work location which the local union has agreed to recognize.

#### 8) Termination of Preferential Placement Status

Preferential Placement status will terminate upon the earlier of any of the following occurrences:

- i. Recall at the work location that gave rise to the Preferential Placement status prior to placement,
- ii. Placement at a designated Preferential Placement location,
- iii. Acceptance of a job offer and failure to report as scheduled without satisfactory explanation,
- iv. Refusal of three preferential placement offers,
- v. The lapsing of three years since the election of this status.



Any individual placed or re-employed under Preferential Placement who resigns to accept a position at his/her old location will be considered to have terminated employment from the Company and be treated for benefit purposes as a new hire.

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## **8h. Language Allowing for Limits on Plant Closings during the Term of the Agreement**

### **General Electric—IAM 912**

#### **a) Plant Closing**

##### **1) Notice**

The Company will give notice of its intent to close a manufacturing plant, service shop or distribution center a minimum of six (6) months in advance of the plant closing date to the Union and to employees concerned. Such notice will identify the date when terminations of represented employees because of the plant closing are expected to begin.

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## **8i. Language Providing for Training and Job Search Assistance to Laid Off Employees**

### **General Electric—UAW 647**

#### **c) Employment Assistance Program**

To assist employees terminated because of a plant closing to find new jobs and to learn new skills, management will establish an Employment Assistance Program following announcement of a decision to close a plant. The Employment Assistance Program will include job placement assistance and education and retraining assistance.

##### **1) Job Placement Assistance**

- i. Job Placement Assistance will include job counseling as well as job information services. Examples of such services are counseling in job search and interviewing techniques, identification and

assessment of skills, and employment application and resume preparation as well as providing employees information on placement opportunities.

- ii. Union involvement will be encouraged in these activities and management may also use the expertise and resources of public and private agencies in providing these services.
- iii. Two employee representatives designated by the Union will each be paid by the Company at their respective rate then prevailing, for approved absences from work up to a total of eight hours per week to work with management in the establishment and operation of the Employment Assistance Program.

## 2) Education and Retraining Assistance

- i. An employee with one or more years of continuous service who was terminated as a result of a plant closing will be eligible to receive Education and Retraining Assistance for courses approved by the Company which contribute to or enhance the employees ability to obtain other employment provided that the employee begins the approved course within one year following termination. Approved courses will normally be given at schools which are accredited by recognized regional or state accrediting agencies and may include:
  - Occupational or vocational skill development;
  - Fundamental reading or numerical skill improvement;
  - High school diploma or equivalency achievement; and
  - College level career oriented courses.
- ii. An employee will be reimbursed up to a maximum of five thousand dollars (\$5,000) for authorized expenses which are incurred within three years following termination provided a passing grade is received in the course. Authorized expenses include verified tuition registration and other compulsory fees costs of necessary books and other required supplies. However, if tuition or other authorized expenses are covered by government benefits other employers or scholarships, the Company reimbursement will not apply to that portion covered by such other plan.
- iii. An employee who elects to receive benefits under the Income Extension Aid layoff option in lieu of benefits under the Plant Closing section of this Article will not be eligible for Education and Retraining Assistance.

**d) Optional Local Plant Closing Termination Agreement**

Because the circumstances in plant closings will vary in terms of employment and timing as well as other considerations the Union and management may negotiate a Special Agreement covering the plant closing termination procedure for employees represented by the Union. Any such agreement shall be in writing.

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## 9. New Hires

### 9a. Language Providing for a Special New Hire Pay Rate

**Merryl Lynch—UAW 842**

#### **ADDENDUM: WAGES & BENEFITS FOR NEW HIRES**

The following section of the agreement pertains only to new employees hired on or after April 17, 1989;

Effective April 24, 1995:

**New wage structure for all new hires.**

<b>Wage Grade</b>	<b>Minimum</b>	<b>Maximum</b>
1	\$9.64	\$14.64
2	\$9.39	\$14.39
3	\$9.15	\$14.15
4	\$8.93	\$13.93
5	\$8.69	\$13.69
6	\$8.53	\$13.53
7	\$8.44	\$13.44
8	\$8.34	\$13.34

\$.50 raise every six months from date of hire. Structure will be adjusted by \$.20 effective July 1, 1995, by \$.35 effective April 22, 1996 and by \$.36 effective April 21, 1997.

**Shift Premium for all new hires.**

- Year 1 -- \$.26
- Year 2 -- \$.30
- Year 3 -- \$.34
- Year 4 -- \$.38
- Year 5 -- \$.42

Group medical plans (PCN or 250) for all new hires same as current employees.

**Sickness & Accident Benefits for all new hires.**

- Year 1 -- \$190.00
- Year 2 -- \$200.00

- Year 3 – \$210.00
- Year 4 – \$220.00
- Year 5 -- \$230.00

Effective May 1, 1996, the maximum benefit will be increased to \$235.0.0.

Effective May 1, 1997, the maximum benefit will be increased to \$240.00.

**Life Insurance for all new hires.**

- Year 1 -- \$15,500; \$7,750
- Year 2 -- \$16,500; \$8,250
- Year 3 -- \$17,500; \$8,750
- Year 4 -- \$18,500; \$9,250
- Year 5 -- \$19,500; \$9,750

In the 2nd year of the contract (May 1, 1996) the maximum basic benefit will be increased to \$20,600; AD&D benefit will be increased to \$10,260; and in the 3rd year of the contract (May 1, 1997) the basic benefit will be increased to \$21,500; AD&D benefit will be increased to \$10,750.

**Transition & Bridge for all new hires.**

- Year 1 – Transition \$120/mo.; \$2,880 Max. – Bridge \$120/mo.
- Year 2 – Transition \$140/mo.; \$3,340 Max. – Bridge \$140/mo.
- Year 3 – Transition \$160/mo.; \$3,840 Max. – Bridge \$160/mo.
- Year 4 – Transition \$180/mo.; \$4,320 Max. – Bridge \$180/mo.
- Year 5 – Transition \$200/mo.; \$4,800 Max. – Bridge \$200/mo.

**Vacation for all new hires.**

Seniority	Vacation Time	Vacation Pay
Six months but less than 1 year	1/2 week	20 hours
One year but less than 2 years	1 week	40 hours
Two years but less than 10 years	2 weeks	80 hours
Ten years but less than 18 years	3 weeks	120 hours
18 years and over	4 weeks	160 hours

**Pension multiplier for all new hires.**

- Year 1 through 3 -- \$8.00/mo./yr. of service.
- Fourth year is an additional \$5.00/mo./yr. of service.
- Fifth year is an additional \$9.50/mo./yr. of service.
- Effective May 1, 1996, increase multiplier by \$1.50
- Effective May 1, 1997, increase multiplier by \$1.50

Provide for a 50% R&C dental plan for all new hires with 100% of R&C for diagnostic and preventative services.

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**9b. The Approximate or Average Spread in New Hire and Full Rate**

**9c. The approximate or average grow in time from new hire to full rates**

**Whitaker Corporation—UAW 179**

2. The Company may hire new employees at any point in the rate range of the appropriate labor grade.
  3. Any employee promoted from one labor grade to a higher labor grade shall receive a minimum increase of ten (10cts) cents per hour over his old rate unless such increase would make his new rate higher than the top of the rate range of the job into which he is promoted.
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**10. Temporary Workers**

## **11. Job Consolidation**

### **11a. Evidence of Compression or Whitaker Corporation Reduction in the Number of Production Job Classifications**

### **11b. Evidence of Compression or Reduction in the Number of Maintenance or Other Support Job Classifications**

#### **Rockwell – UAW Master Agreement**

##### **JOB COMBINATIONS/ELIMINATIONS**

There is also mutual agreement that each business has accepted the challenge to meet their commitment to employee involvement by putting together their needs for job combinations/eliminations that meet their current situation and work requirements.

In addition, both parties recognize the fact that there will be opportunities in the future for applying employee involvement concepts to best utilize these opportunities along with the resulting job classification changes.

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## **12. Training**

### **12a. Language on a Formal Apprenticeship Training Programs in Number of**

#### **General Electric—IAM 912**

##### **1. Machinist Apprentice Training Program**

The General Electric Company's Machinist Apprentice Training Program at Evendale, Ohio provides job training and related academic studies directed towards developing the skills and knowledge of individuals who are interested in becoming qualified Journeymen Machinists.

In general, the Machinist Apprentice Training Program requires that an Apprentice satisfactorily complete a variety of job training assignments and related studies, within a period of approximately three to three and one-half years, in order to be graduated from the program.

##### **2. Information to the Union**

The Union will be furnished with a manual describing the various aspects of the Evendale Machinist Apprentice Training Program and any revision will be discussed with the Bargaining Committee.

##### **3. Machinist Apprentice Assignments**

In conducting the Machinist Apprentice Training Program the Company will make every reasonable effort to:

- a. Maximize the number of Machinist Apprentice assignments in the machining areas;
- b. Maximize manufacturing training and rotation of Machinist Apprentice assignments in the machining areas;
- c. Minimize the number of salaried assignments to Machinist Apprentices and when practical, limit such assignment to the final program assignment of a Machinist Apprentice;
- d. Machinist Apprentices will be expected to work on assignments in the Apprentice Shop totaling from twelve to twenty-four months depending upon the circumstances.

#### **4. Progression Schedule**

An Apprentice Machinist will progress from his/her M-8 starting rate with the completion of each training period in accordance with the following schedule:

Period 1	M-8
Period 2	M-9
Period 3	M-10
Period 4	M-11
Period 5	M-12
Period 6	M-13
Period 7	M-14
Period 8	M-15

Machinist Apprentices who graduate and are assigned to the Machinist classification will be paid a starting rate of M-20 and will progress to job rate in accordance with the provision of Article XIII -- Rates of Pay.

#### **5. Seniority**

Seniority for Machinist Apprentices shall be established in accordance with Article XVII (1) and upon graduation shall be applicable to the Machinist classification.

#### **6. Overtime**

In accordance with Article XI, a Machinist Apprentice may work overtime only if all employees in the Machinist classification in the overtime group to which he/she is assigned along with all the employees in that same classification on other shifts aligned with the same overtime group, have been asked to work.

#### **7. Reduction in Forces**

- a) The number of Machinist Apprentices will not exceed one for every nine of the combined total of Toolmakers and Machinists in the Bargaining Unit. Appropriate adjustments in the total Machinist Apprentice force will be made as numbers in the Toolmaker or Machinist classifications change.
- b) The surplus of Machinists from an area may result in the reassignment of some Machinist Apprentices.
- c) Graduating Machinist Apprentices who do not have sufficient seniority to hold a job in the Machinist classification will be given a one week's notice at the M-20 rate.

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**12b. Language on Specific Commitments around the Number of Apprentices to be Trained during the Term of the Agreement**

**Teleflex Inc.—UAW1039**

MEMORANDUM OF INTENT  
(Ref: U-17, Article 12)

Because the Company and the Union agreed on the need to protect our senior employees, it is the intent of the Company to train two (2) senior employees each contract year in classifications where jobs are needed. This training will be in accordance with Section 12.6 (transfer for training jobs) of the Company-Union Agreement.

February 26, 1994

The following rules will apply:

- A. Employees who are trained under this agreement will be required to bid and accept if offered the job for which they were trained if said job is posted within two (2) years of the completion of said training.
- B. All postings in compliance with this Memorandum of Intent will be so identified.

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**12c. Language on Tuition Reimbursement for Work related Education and Training Courses**

**12d. Language on Tuition Reimbursement for Non Work Related Education and Training Courses**

**Northrop Grunman—UAW 648**

**ARTICLE XIX**

**SECTION 9. NORTHROP GRUMMAN EDUCATION REIMBURSEMENT PLAN**

The parties agree to adopt the Northrop Grumman Education Reimbursement Plan for the purpose of encouraging the development of all employees. The following table outlines the reimbursement plan.

Tuition and Required Fees	100% accredited state schools 100% onsite programs 80% accredited private schools
Program Approval	Includes all courses in approved program. Form submitted no earlier than 60 days and no later than 10 days prior to start of class
Executive Development Programs	These programs are not part of the Education Reimbursement Plan
Job Related/Reasonable Opportunity	Company-related business. Must meet test of reasonable opportunity
Certificate Program	Yes
Courses Not a Part of an Approved Program	Must be job specific
General Education Courses (Toward a Degree)	Yes
Non-Accredited Correspondence Schools	50% Reimbursement
Grades	Undergraduate -- "C" in each course Graduate -- "B" average Grades of "D" or "Fail" <u>not</u> reimbursed
Enrollment Limitations	2 courses per term with noted exceptions
Textbooks	Up to 60% per course
Course Required Software	50% to \$200 maximum per course

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## 12e. Language Establishing In-House Training/Learning Centers

Teledyne Ryan—UAW 506

### CAREER CENTER EMPLOYEE DEVELOPMENT 10/15/92

A training program will be established to assist employees in acquiring needed skills to perform added job assignments within their Career Center as well as to expand opportunity for higher levels of employment. This will be accomplished through, (1) on the Job work experience training by qualified employees, team leaders or management, (2) onsite or offsite professional instruction training programs on Company time, or (3) onsite or offsite training utilizing local resources including instructors from the college level and/or technical institutes on employee's own time after regular working hours. The Company will provide support of this program through existing training support programs like the Tuition Reimbursement Program.

Technological advances in the manufacturing process could create requirements for future training programs that would prepare employees to perform processes and operate equipment not currently in our facility.

A Joint Union/Company Committee will administer and identify areas of training that facilitate career and skills development due to changes in work assignments in their Career Centers. The Joint Committee (two members from the Union appointed by the Regional Director and two persons appointed by management) will make recommendations to the appropriate Company management regarding necessary training programs. The Plant Shop Committee will be made aware of the recommendations.

Training programs developed by the Joint Union/Company Committee will concentrate on skills needed to perform the work operations within Career Center levels. When training programs are introduced through this process, senior employees in the Career Center level shall receive preference over other employees in the Career Center, followed by employees outside the Career Center. Should senior employees decline the training, and reduction in workforce result in their being unable to perform the required remaining work operations, they would be subject to layoff.

The administration of this program will be accomplished in conjunction with the Human Resources Training Department including necessary record keeping which provides written documentation of training to the Company and employee.

#### CAREER CENTER JOB GROUPINGS

**10/14/92**

The Company and the Union have agreed to the job classification groupings that make up the Career Center levels. For purposes of describing the work performed in each level within a Career Center, the current job descriptions and letters of agreement will be applicable.

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#### **12h. Language Establishing Skills Enhancement**

**Textron—UAW 787**

**MEMORANDUM OF AGREEMENT**  
**February 1, 1994**  
**SKILLS ENHANCEMENT EDUCATIONAL PROGRAM**

Some of the employees represented by the Union have expressed an interest from time to time in pursuing formal educational courses with a view to expanding their knowledge

and skills with regard to the jobs in which they are then employed or to qualifying for one of the more highly skilled jobs resulting from the technological advancements that are taking place at the Office and Facilities of Textron Lycoming. Unfortunately, the classes of the course in which an employee may desire to enroll frequently are scheduled to be held during the hours of his or her regular scheduled shift so that it would be necessary for him or her to take time off and to suffer a loss of earnings in order to take the course.

The Union has inquired whether it would be possible for the Company to permit employees to attend classes in job-related educational subjects that would be held during the hours of the employees' regular scheduled shift while at the same time allowing those employees to make up the hours and wages that they have lost by scheduling them to work at times outside of the regular scheduled hours of their shift. As a result of the discussions between the representatives of both parties concerning the Union's inquiry, the Company hereby submits the following proposal to the Union:

The Company will establish the program herein described to be called the Skills Enhancement Educational Program (hereinafter "SEEP" or "the Program") under which an employee whose application has been approved will be granted permission by the Company to attend classes in a formal course of instruction in a job-related subject conducted by a recognized educational institution during the hours of his or her job by rescheduling him or her to work an equal number of hours either within or outside, or partly within and partly outside of, the hours of his or her regular scheduled shift and, upon successful completion of the course, will be reimbursed for any tuition or fees paid for the course.

The foregoing commitment is subject to the following express terms and conditions:

- 1) An employee who desires to become a participant in SEEP shall file a written application for admission to the Program on a form to be provided by the human Resources Department not less than thirty (30) days prior to the date on which the classes in the course in which the employee is interested are scheduled to commence.
- 2) The following rights are reserved to, and vested exclusively in, the Company:
  - i. The right to refuse any application for admission to the Program by an employee who does not possess the requisite background and/or educational qualifications required for the particular course.
  - ii. The right to determine the number of applicants who will be granted permission to participate in the Program at any one time.
  - iii. The right to schedule the times at which a participant shall be assigned to perform makeup work, whether within or outside of, or

partly within and partly outside of, the hours of such participant's regular scheduled shift.

- iv. The right, in its sole discretion, to discontinue the Program at any time, provided however, that any employee who is then an active participant in the Program shall be entitled to complete the course in which he is enrolled.
- v. The right to establish and to amend or revoke from time to time Rules governing the administration of the Program.

3) IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES:

- a) That the Program shall not be deemed to be a Training Program established by the Company, that the decision whether to apply for admission to the Program is entirely optional with each employee and that participation is purely voluntary on the part of every employee admitted to the Program.
- b) That all makeup time shall be worked in the same work day as the work day in which scheduled hours of work were lost by the employee in order to attend classes and that the decision of the Company as to hours of a participant's makeup schedule shall be final and binding upon the participant.
- c) That the term "job-related," as used herein shall not be limited to the job to which the employee is assigned at the time that he or she filed his or her application, but it shall include any position or job at the Company's Offices and Facilities that is in existence or contemplated at that time.
- d) An employee who is on layoff shall not be eligible to participate in the Program, provided however, that an employee who is an active participant in the Program at the time of layoff shall be reimbursed for the tuition or other fees paid by him or her following the successful completion of the course.
- e) That nothing contained in this Letter Agreement shall be construed as a guarantee of hours of work per day or per week or of any overtime work to any participant in the Program.
- f) That any provisions of the Labor Agreement covering the unit of Production and Maintenance Employees of Textron Lycoming, or any provisions of the Labor Agreement covering the unit of Technical Employees that are inconsistent with the provisions of the Letter Agreement are hereby amended to conform to the provisions hereof

and that, in all other respects, the provisions of those Labor Agreements are hereby ratified and confirmed.

- 4) This Letter Agreement will become effective upon the written acceptance thereof by the Union and will terminate simultaneously with the termination of the Labor Agreements described in the preceding Paragraph 3 (f) hereof, provided, however, that any employee who is an active participant in the Program at that time shall be entitled to complete the arrangements that he or she made with the Company at the time of admission to the Program.

AGREED: (Subject to Membership Ratification)

For the Union:

\_\_\_\_\_  
Robert T. McHugh

\_\_\_\_\_  
Glen D. Waltz

\_\_\_\_\_  
Merrill W. Lambert

For the Company:

\_\_\_\_\_  
Frank X. Ratchford

\_\_\_\_\_  
Deborah L. Wilson

\_\_\_\_\_  
Paul Batkowski



## **13. Hours of Work**

### **13a. Language for Overtime Pay after 8 hours Work**

#### **General Electric—IAM 912**

- 2) An employee will be paid at the rate of one and one-half times his/her straight time pay for hours worked:
    - a) In excess of eight hours in his/her workday;
    - b) On his/her Saturday;
    - c) In excess of forty hours in his/her workweek.
- 

### **13b. Language for compressed/alternative work schedules (including 4 day work weeks with longer hours each day and other such arrangements)**

#### **Raytheon—UAW 967**

#### **McDonald Douglass—IAM 837**

#### **ARTICLE IX**

#### **Flexible Work Week**

1. The parties agree that certain circumstances will require the establishment of flexible work schedules. (For example Tuesday through Saturday; or a four (4) day ten (10) hour per day schedule, etc).
2. Upon the establishment of such a flexible work schedule, the Company will notify the Chairperson of the Plant Negotiations Committee no later than thirty (30) calendar days prior to the implementation of the schedule, and will solicit input from the Union regarding such schedule.
3. Employees will be assigned according to qualified volunteers, then by seniority within the classification by occupational group under the Third Level Supervisor.

4. When assigned to a flexible work schedule, then the following overtime language will apply:
  - a) All hours paid in excess of forty (40) hours in a pay period shall be considered overtime and be paid at the rate of 150% (time and one half) an employee's regular rate of pay
  - b) All hours paid in excess of fifty (50) hours in a pay period shall be considered overtime and paid at the rate of 200% (double time) an employee's regular rate of pay.
  - c) Overtime will not pyramid
5. The working hours within the flexible schedule outlined in the Article will be posted on the bulletin board within the work area. Shift changes will not occur without seventy-two (72) hours advance notice, except by volunteers. However, if it becomes necessary to change an employee from one shift to another due to operating conditions, or for an employee(s) on sick or injury leave, then as much notice as possible shall be given.
6. Overtime within the flexible schedule will be assigned according to work groups. In order to schedule overtime, four (4) hours advance notice must be given.
7. Break schedules will be observed by establishing a ten (10) minute paid break in each half of the shift and a thirty (30) minute unpaid lunch period mid-way through the shift. Except that in a twelve (12) hour shift there will be one additional ten (10) minute paid break observed.
8. When a contractually recognized holiday falls in a flexible work week schedule the individual working will be paid at one and one-half (1 ½) times their regular rate of pay plus holiday pay.
9. Time formally excused by the Company as "Union Time Off" will not be excluded for computation of overtime.

## **PAYMENT FOR BENEFITS**

	<b>Traditional 5 Day/8 Hour Work Week</b>	<b>4 Day/10 Hour Work Week</b>
Vacation* Pay Allowance Vacation Time	200x employees hourly base rate plus cost-of-living allowance and shift premium if applicable. 25 days(1 week equals 5 days).	200x employees hourly base rate plus cost-of-living allowance and shift premium if applicable. 20 days (1 week equals 4 days).
Holiday Pay If worked If not worked on a scheduled workday If not worked on a non-scheduled workday	24 hours pay 8 hours pay 8 hours pay	28 hours pay 10 hours pay 8 hours pay
Jury Duty	Up to 30 eight hour workdays/year	Up to 30 ten hour workdays/ year
Military Service Pay -- Annual Training Duty or Encampment ** Military Service Pay -- Temporary Emergency Duty**	Up to 15 eight hour workdays/ year Up to 15 eight hour workdays/ year	Up to 15 ten hour workdays/ year Up to 15 ten hour workdays/ year
Bereavement Pay	Up to 3 eight hour workdays/year	Up to 3 ten hour workdays/ year
Incentive Vacation	4 hours per quarter	5 hours per quarter
Sick/Personal	5 days/40 hours	4 days/40 hours

- \* Example depicts employee with five (5) weeks vacation eligibility
- \*\* Exceptions will be strongly considered for employees on military encampment which falls on scheduled workdays.

The contractual requirements for a rest period applies to both the traditional and 4 day/10 hour workweek schedule. (If working more than two hours overtime in a day, employees will be given a paid 18-minute break prior to the start of the overtime.) For the 3 day/12 hour workweek schedule, employees receive a paid 30 minute lunch break in lieu of the 18-minute rest period.

## **14. New Pay Systems**

### **14a. Language establishing "pay for knowledge" or "ability rated pay" systems**

#### **GDE Systems, Inc.—UAW 725**

##### MEMORANDUM OF AGREEMENT NO. 9 Job Enrichment And Training Program

The parties agree to establish a Job Enrichment and Training (JET) Program which will provide a skill-based pay benefit for the EAS manufacturing classification. This will provide a highly skilled manufacturing workforce who can participate in the continuous improvement of the product and process in order to optimize the competitiveness of the company and the skills of the IAM represented employees.

In order for the Company and the Union to achieve these objectives, it is necessary to identify skills required, establish training plans; effectively implement these training plans; and evaluate the effectiveness of these training programs and tests.

To accomplish these goals, the parties agree to do the following:

1. Establish an Implementation Committee comprised of two (2) members from the Company and two (2) members from the Union that will mutually agree on training programs to ensure that the required skills needed for present and future manufacturing programs are acquired by EAS's and those employees returning to this job. The Vice President-Operations will determine the budgetary parameters (cost/schedule) that this committee will operate within.
  - a. The Implementation Committee will administer, develop and evaluate the JET program.
  - b. The Committee shall meet as necessary.
  - c. Any hourly member of the Committee will be paid by the Company for any time spent in the committee meetings.
  - d. The Committee will establish a JET proficiency level that will be the basis for the skill-based pay benefit. This proficiency level will be earned through passing a written and skill demonstration test approved by the Committee.

- e. The test will be in two (2) parts: First, a written test that must be passed to proceed to the second part of the test, which will consist of a practical demonstration of the skills involved in that particular test. The Committee will require a minimum 70% passing grade.
  - i. The written test may be taken twice within any time frame and will be administered in a written or verbal form. If not passed during the first two attempts, a six (6) month waiting period from the last test will exist before it may be taken again, except in cases where a lay-off notice or pending bump exist, at which time this test may be administered one (1) additional time.
  - ii. After successful completion of the written test, a practical demonstration test will be administered and will include, as a minimum:
    - Cable fabrication
    - CCA Assembly
    - Crimping
    - Mechanical Assembly
    - Wire Routing
    - Etc.

The final composition of this test will be determined by the Implementation Committee. If the skills demonstration test is not passed on the first attempt, a twelve (12) month waiting period will exist before it can be taken again, except in cases where a layoff notice or pending bump exist, at which time this test may be administered one additional time.

- f. The results of the proficiency test will establish two distinct seniority groups for the EAS classification.
  - i. **GROUP I - Passed Proficiency Test**
  - ii. **GROUP II - Has not passed Proficiency Test**

Lay-offs will be done by seniority group starting with Group II.

- g. Group One will receive a Bonus Pay adjustment of **\$1.05 per hour** to be carried as a float.

- h. The EAS Group Leader classification will not be considered a separate group per Letter of Understanding **No. 2**.
  - i. Employees who are being bumped will have two (2) weeks to satisfactorily complete all proficiency testing in order to move to Group I.
  - j. Employees who are bumping into EAS, **and have not previously held Group One**, will only be allowed to bump into the lowest seniority group (Group II). These employees will be given the option to move into this EAS classification after three (3) weeks notification of downgrade or remain in their current classification for the entire 60-day period. If an employee elects to move after 3 weeks, he/she will go to solder class for one (1) week and then an entire month of on-the-job training in the EAS classification. The employee may take the test at any time that he/she is in the EAS classification.
  - k. Up to 40 hours of company-paid training will be provided to all EAS's or employees who have received their downgrade notice or recall to that classification. This training will consist of "Brown Bag" sessions, assistance from the EAS instructor or formal training, as determined by the Implementation Committee.
  - l. The scoring of all tests will be accomplished by an evaluation team selected by the Implementation Committee, which will include at least one (1) hourly inspector and either a Quality or Manufacturing Engineer.
2. Establish a new job classification for an EAS Instructor who will train Electronic Assembly Specialists. Additional responsibilities will be defined by the Implementation Committee.
- a. The total number of EAS Instructors shall be determined by the Committee.
  - b. The EAS Instructor shall be selected by the Union.
  - c. EAS Instructors shall be paid a premium of **\$1.00 per hour** to be carried as a float for as long as they remain classified as an EAS Instructor.

- d. EAS Instructors will be paid at the hourly rate of an EAS Instructor only for those working hours which are performed as an EAS Instructor.
  3. Any Quality Technician Production shall be paid \$1.00 per hour while performing any functions related to his MOA.
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## **14b. Language Providing for Gain Sharing or Goal Sharing Payments**

### **Whitaker Controls—UAW 179**

#### **E. INCENTIVES**

In the event the Company establishes an incentive pay plan for employees covered hereby, the Company, in advance of the installation of the plan, will meet with representatives of the Union and shall at such time inform the Union of the data and place of the installation of the plan, the principal criteria used in constructing the plan, and other information deemed by the Company to be relevant to the plan. The Company agrees to consider without obligation to follow the comments, suggestions, and recommendations made by the Union during such meetings before installing the plan. The Company further agrees that the installation of an incentive plan will in no way reduce the wages, increases and automatic progression benefits negotiated in this contract.

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## **14c. Language Providing for Profit Sharing Payments**

### **Northrup Grunman—UAW 648**

#### **ARTICLE VIII/ARTICLE IX**

#### **SECTION 4. PERFORMANCE AWARDS**

- a. On March 15, 1996, a performance award will be paid to each employee who is either on the active payroll, in Section 900, or on

- layoff with recall rights on December 31, 1995, or who retired during 1995. This performance award will be a lump sum amount equal to three percent (3%) of the employee's 1995 "total sources" earnings while employed in this collective bargaining unit.
- b. On March 21, 1997, a performance award will be paid to each employee who is either on the active payroll, in Section 900, or on layoff with recall rights on December 31, 1996, or who retired during 1996. This performance award will be a lump sum amount equal to three percent (3%) of the employee's 1996 "total sources" earnings while employed in this collective bargaining unit.
  - c. On March 20, 1998, a performance award will be paid to each employee who is either on the active payroll, in Section 900, or on layoff with recall rights on December 31, 1997, or who retired during 1997. This performance award will be a lump sum amount equal to three percent (3%) of the employee's 1997 "total sources" earnings while employed in this collective bargaining unit.
  - d. On March 19, 1999, a performance award will be paid to each employee who is either on the active payroll, in Section 900, or on layoff with recall rights on December 31, 1998, or who retired during 1998. This performance award will be a lump sum amount equal to three percent (3%) of the employee's 1998 "total sources" earnings while employed in this collective bargaining unit.
  - e. On March 17, 2000, a performance award will be paid to each employee who is either on the active payroll, in Section 900, or on layoff with recall rights on December 31, 1999, or who retired during 1999. This performance award will be a lump sum amount equal to three percent (3%) of the employees 1999 "total sources" earnings while employed in this collective bargaining unit.
  - f. Beneficiaries of deceased employees will receive the performance award the employee would have been entitled to based on their earnings in the year of their death.



## **15. Flexible Work Arrangements and Work/Life Issues**

### **15d. Language Providing for Dependent Care Time and Information Referral**

**Pratt & Whitney—IAM 971**

#### **LETTER XXIII**

Mr. Frederick W. Thorpe, Jr., President  
Seminole Lodge 971  
International Association of Machinists  
And Aerospace Workers  
P.O. Box 968  
Jupiter, FL 33468

Dear Mr. Thorpe:

This will confirm the understanding and agreement between the company and Seminole Lodge 971, International Association of Machinists and Aerospace Workers, AFL-CIO, concerning unpaid family and medical leave of absence (“family leaves”).

The company and union both recognize that it is sometimes necessary for employees to take unpaid leaves of absence because of family reasons. Knowing that these circumstances arise, it has been agreed that the following policies and procedures for such leave of absence apply and are in compliance with the Federal Family & Medical Leave Act of 1993. To the extent and as described by law and the interpretive regulations, eligible employees will be granted job protected leaves of absence for the birth, adoption, or foster placement of a child or the serious illness of the employee or his child, spouse or parent.

#### **1. Definitions:**

- a. Child – a natural, adopted or foster child, a stepchild or a legal ward of the eligible employee or the employee’s spouse; provided such child is under the age of 18 or 18 years of age or older and unable to care for himself because of a serious injury or illness.

- b. Parent – A natural parent, foster parent, stepparent, adopted parent, or legal guardian of an eligible employee or the employee’s spouse.

**2. Procedures:**

- a. Notice to Supervision

Any employee who requests family leave will, if possible, provide a two (2) week notice to his supervisor prior to the first day of the leave. The employee will also provide the supervisor within ten (10) days advance notification of the date he intends to return to work. Requests for family leave must be made in writing and, where taken for the employee’s or another’s serious illness, must be supported by written medical certification of a health care provider.

- b. Seniority and return to work

The seniority of an employee shall accumulate during a properly authorized family leave. Absent an Article VIII loss of seniority or layoff, the employee will be entitled to return to a position offering equivalent pay, grade and shift. Employees who take family leave because of their own serious illness must be approved to return to work by their health care provider and the company’s medical department.

- c. Attendance

The employee’s attendance record shall reflect the full period of absence resulting from a properly authorized family leave and shall be recorded in the employee’s attendance record with a code “P”.

- d. Insurance

The medical, dental, life, OLSI insurance and health care reimbursement account may be continued while on family leave. The employee is responsible for all employee contributions, if any, to these plans. Employee may waiver the continuation of their insurance benefits. If employees are required to contribute to any part of their insurance appropriate deductions will be made when they return to work.

The parties agree that if applicable laws change during the life of this agreement, revisions to the family and medical leave provisions will not be implemented until the parties meet and discuss any changes.

Very truly yours,  
PRATT & WHITNEY

W.V. Panetta,  
Vice President, Human Resources

## **VII. Conclusion**

This collective bargaining resource has been developed in the spirit of benchmarking and shared learning. We hope that it is helpful – a genuine resource – for labor and management leaders bargaining in the face of instability.

This resource is designed as a living document – to be expanded and adjusted to reflect what we hope will be continuing innovation and experimentation in the aerospace sector.

## References and Source Material

Joel Cutcher-Gershenfeld, Thomas Kochan, and John Calhoun Wells, "In Whose Interest? A First Look at National Survey Data on Interest-Based Bargaining in Labor Relations," in *Industrial Relations: A Journal of Economy and Society*, Vol. 40, No. 1 (January 2001).

Cutcher-Gershenfeld, Joel, "Bargaining Over How to Bargain: Addressing the Limitations of Interest-Based Bargaining in Labor Negotiations," *Negotiations Journal* Vol. 10, No. 4 (October, 1994).

Thomas Kochan, Harry Katz, and Robert McKersie, *The Transformation of American Industrial Relations*. New York: Basic Books (1986).

Richard Walton, Joel Cutcher-Gershenfeld, and Robert McKersie. *Strategic Negotiations: A Theory of Change in Labor-Management Relations*. Boston: Harvard Business School Press (1994).

Contracts Included in the analysis:

Ultimate Parent	Division	Location	Union
Boeing Company	Master Agreement	National	International Association of Machinists
General Electric	Evendale Plant	Cincinnati, Ohio	International Association of Machinists, 912
McDonnell Douglass Corporation		St. Louis, MO	International Association of Machinists, 837
Bristol Aerospace Limited	Rockwood Propellant Plant		International Association of Machinists
United Technologies Corporation	Pratt & Whitney	West Palm Beach, FL	International Association of Machinists, 971
United Technologies Corporation	Pratt & Whitney	East Hartford, CN	International Association of Machinists, 700, 701
Boeing Company	Collins Division	Cedar Rapids, IA	International Brotherhood of Electrical Workers
Lockheed Martin	Astronautics	Hartingen, TX	United Auto Workers
Boeing Company	Master Agreement	National	United Auto Workers
Lockheed Martin	Aerostructures, Astronautics, Electronics and Missiles	National	United Auto Workers
General Electric	Evendale Plant	Cincinnati, Ohio	United Auto Workers, 647
AlliedSignal	Master Agreement	National	United Auto Workers
AlliedSignal	Equipment and Electronic Systems	Mishawaka, IN	United Auto Workers
Dowty North American	Dowty Aerospace Los Angeles	Duarte, CA	United Auto Workers

Aerospace Company			
Merryll-Lynch	Panghorn	Hagerstown, MD	United Auto Workers
Raytheon Company	Raytheon Systems Company	Greenville, TX	United Auto Workers
Triumph Group	Teleflex Inc. Aerospace/Defense	Upper Gwenedd Township, PA	United Auto Workers
Textron Inc.	Textron Lycoming	Williamsport, PA	United Auto Workers
Textron Inc.	Textron Lycoming	Williamsport, PA	United Auto Workers
AlliedSignal	AlliedSignal Government Electronic Systems	Teterboro, NJ	United Auto Workers
AlliedSignal	AlliedSignal Government Electronic Systems	Sylmar, CA	United Auto Workers
Raytheon Company	E-Systems	St. Petersburg, FL	United Auto Workers

***Note:** The International Association of Machinists and Aerospace Workers (IAM) and the United Automobile, Aerospace and Agricultural Implement Workers (UAW) provided the Labor Aerospace Research Agenda (LARA) with many of the sample collective bargaining agreements included in this document for the purpose of further understanding trends in labor relations.*