

CENTRAL AGREEMENT

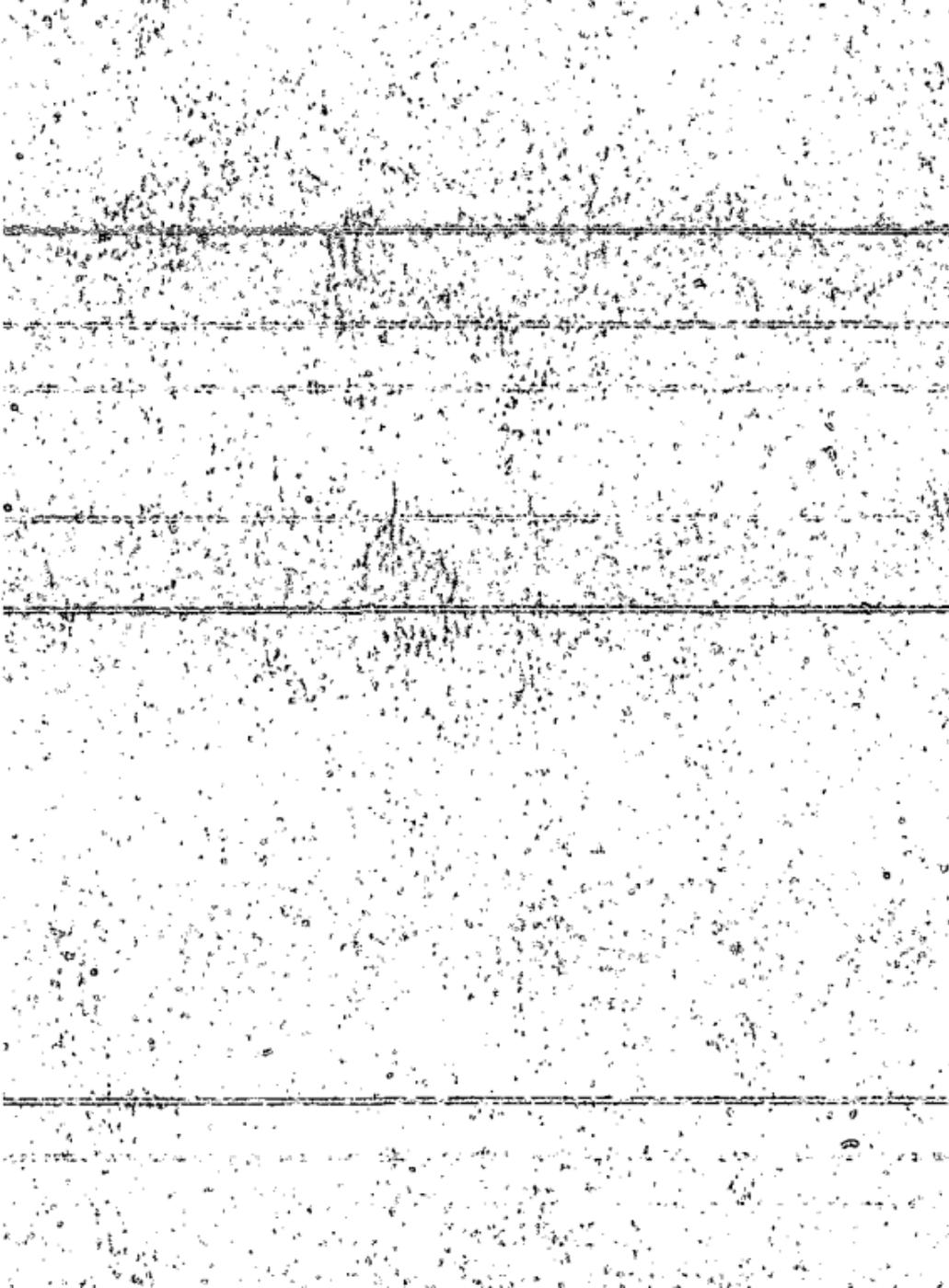
between

CATERPILLAR INC.

and the

UAW

February 28, 2011



K#3348

Article 1 - Purpose		
1.1	Purpose	1
1.2	Asexual Clause	2
Article 2 - Recognition		
2.1	Bargaining Units	2
2.2	Scope of Agreement	4
Article 3 - Union Security		
3.1	Union Shop	5
3.2	Authorization for Dues Check-Off	5
3.3	Revoking Check-Off Authorization	7
Article 4 - Representation		
4.1	Union Representation	8
4.2	Abuse of Privileges	9
4.3	Pass for Union Representatives	9
4.4	Lists of Representatives	10
4.5	International Union Visit to Plant	10
4.6	Discussion of Grievance Disposition	11
4.7	Business Units	11
Article 5 - Grievance Procedure		
5.1	Definition of Grievance	12
5.2	Identification of Issue	12
5.3	No-Precedent Settlements	13
5.4	Limited Liability: Back Pay Offsets	14
5.5	Disciplinary Action	15
5.6	Written Warnings	16
5.7	Medical Disputes	16

Article 6 - Arbitration		
6.1	Exchange of Statements	17
6.1	Referral to Arbitration	17
6.2	Permanent Arbitrator	18
6.3	Order of Grievances Arbitrated	19
6.4	Hearing Dates: Briefs	20
6.5	Hearing Dockets	20
6.6	Submissions	25
6.7	Authority and Role of the Arbitrator	26
6.8	Arbitration Expenses	27
6.9	Expedited Arbitration	27
Article 7 - Hours of Work and Overtime		
7.1	Regular Weekly Schedule of Work	29
7.2	Starting Times: Lunch: Brief Snacks	30
7.3	Irregular Shifts and Schedules	31
7.4	Night Shift Premium	32
7.5	Report-In Pay	32
7.6	Call-In Pay	33
7.7	Time and One-Half	33
7.8	Double Time: Holidays	34
7.9	Overtime Determination	38
7.10	Pyramiding Prohibited	39
7.11	Overtime Allocation	39
7.12	Notice for Required Overtime	39
7.13	Required Overtime	39
7.14	Notice to Union Representatives of Overtime	41
7.15	Paydays	41
7.16	Definition of "Regular Scheduled"	41
Article 8 - Health and Safety		
8.1	Safety and Medical	42
8.2	Local Union Safety Committees	43

8.3	Safety Complaint Procedure	46
8.4	Report of Physical Examination	49
8.5	Excessive Employee Exposure	49
8.6	Results of Environment Test	50
8.7	Request for Central Committee Investigation	50
8.8	Safety Glasses	51
8.9	Special Protective Garments: Devices	53
8.10	Metatarsal Protection	53
8.11	OSHA Walk-Around Pay	53
8.12	Central Safety Committee	54
8.13	Functions of the Central Safety Committee	55
Article 9 - Vacation, Vacation Pay, Separation Pay		
9.1	Vacation Payment	57
9.2	Vacation Entitlements: Periods	57
9.3	Vacation Period Exceptions	58
9.4	Definition of "Base Period"	59
9.5	Amount of Vacation Payment	59
9.6	Separation Payment	60
9.7	Dates of Vacation Payment	60
9.8	Definition of "Service"	61
Article 10 - Skilled Trades Groups		
10.1	Skilled Trades Groups: Seniority	61
10.2	Applicability of Articles 12 and 13	61
Article 11 - Seniority		
11.1	Probationary Period	62
11.2	Seniority Measured: Broken	62
11.3	Accumulation of Seniority	64
11.4	Accumulation During Layoff	65
11.5	Seniority Lists	65

11.6	Waiver of Seniority Rules	66
11.7	Steward Notification	66
Article 12 - Job Openings		
12.1	Election of Methods	66
12.2	Job Posting	66
12.3	Notice of Job Opening	67
12.4	Job Bid: Eligibility	67
12.5	Job Bid Restrictions	68
12.6	Job Bid Restrictions-Recall/New Hire	68
12.7	Job Bid Restrictions - Demotion	69
12.8	Job Bid Restrictions Waiver	69
12.9	Job Posting Ratio	70
12.10	Job Bid	70
12.11	Post/Bid Procedure	71
12.12	Reassignment	74
12.13	New Hire	74
12.14	Notification of Openings Filled	75
12.15	Preferential Hire	75
12.16	Definition: Facilities	77
Article 13 - Reduction In Force and Layoff		
13.1	Definition of Layoff	77
13.2	Temporary Layoff	78
13.3	Notice of Layoff	78
13.4	Definitions	78
13.5	Procedure for Reduction in Force	79
13.6	Temporary Layoff - Inventory	84
13.7	Union Representatives	85
13.8	Layoff Payments	85
Article 14 - Leaves of Absence		
14.1	Medical Leave of Absence	85
14.2	Return from Leave	87

14.3	Failure to Return from Leave	87
14.4	Personal Leave	87
14.5	Verification of Leave	87
14.6	Military Leave	88
14.7	Peace Corps Leave	88
14.8	Pregnancy Leave	88
14.9	Union, Governmental Leaves	89
14.10	Union Call-Outs, Temporary Leave	90
14.11	Return from Union Leave	91
14.12	Family Leave	91
Article 15 - Salary Plan		
15.1	Paid Absence Allowance	93
15.2	Holiday Pay	99
15.3	Jury and Witness Service	103
15.4	Temporary Military Service	105
15.5	Bereavement	106
15.6	General	108
Article 16 - General		
16.1	Supervision Working	109
16.2	Discrimination Prohibition	111
16.3	Savings Clause	111
16.4	Bulletin Boards	112
16.5	No-Strike: No-Lockout	112
16.6	Moving Allowance	113
16.7	Addresses of Employees	114
16.8	Required Physical Examinations	114
16.9	Occupational Injury: Pay for Shift	114
16.10	Contract Work	115
16.11	Off-Shift Classes	134

Article 17 - Training		
17.1	Definitions	134
17.2	Plant Joint Apprenticeship Committee	136
17.3	Central Joint Apprenticeship Committee	139
17.4	Application for Apprenticeship	141
17.5	Eligibility Requirements	142
17.6	Entry into an Apprenticeship	142
17.7	Terms of Apprenticeship	143
17.8	Apprentice Reductions and Returns	144
17.9	Wages	145
17.10	Supervision of Apprentices	145
17.11	Tools	146
17.12	Placement Upon Graduation	146
17.13	Apprentice Programs Not Listed	147
Article 18 - Wages		
18.1	Rates of Pay	148
18.2	Cost-of-Living Adjustment	149
18.3	Temporary Assignment	150
18.4	Negotiation of Job Classifications	153
Article 19 - Duration		
19.1	Duration	153
Letters of Agreement		
LOA 1	Permanent Arbitrator	157
	Appendix to LOA 1	158
LOA 2	Reslotting of Jobs	161
LOA 3	Waiver of Time Limits	162
LOA 4	Union Education Scholarships	163
LOA 5	Employee Involvement	164

LOA 6	Equal Employment Opportunity Committee	165
LOA 7	Governmental Agency Rulings	169
LOA 8	Protective Clothing	170
LOA 9	Notice of Contracted Work	171
LOA 10	Reinstatement of Grievances	172
LOA 11	Returns to the Unit	175
LOA 12	Lockout, Hazardous Material	177
LOA 13	Training Stations	180
LOA 14	Arbitration Scheduling	180
LOA 15	Contract Work	183
LOA 16	Vacation Use	184
LOA 17	Training Stations - Students & Teachers	184
LOA 18	Grievance Prevention and Resolution	185
LOA 19	Prior Arbitration - Section 12.1	192
LOA 20	Welder Retention Rate	192
LOA 21	Rewards and Recognition Programs	195
LOA 22	Medical Restrictions Laid-off Employees	196
LOA 23	Caterpillar Job Security Program	197
LOA 24	Plant Closing Restriction	209
LOA 25	Mediation	209
LOA 26	Competitive Rate	212
LOA 27	Supplemental Employees	213
LOA 28	Temporary Assignments	219
LOA 29	Recall Rights - Competitive Rate	219
LOA 30	Vacation Transition	220
LOA 31	Final NIO Test - Previous Reductions In Force	220
LOA 32	Substance Abuse Program	221
LOA 33	Retirement Metering Bonus	226
LOA 34	Lump Sum Payments	227

Appendix A	
Basic Hourly Rates of Pay	228
Supplementary Base Rate Schedule	
Local 974	234
Supplementary Base Rate Schedule	
Local 145	237
Supplementary Base Rate Schedule	
Local 751	239
Supplementary Base Rate Schedule	
Local 2096	241
Memorandum of Agreement – Employees	
Hired Prior To January 10, 2005	242

AGREEMENT

Between

Caterpillar Inc. and International Union, United Automobile, Aerospace and Agricultural Implement Workers of America and its affiliated Local Unions Nos. 145, 751, 786, 974, 1415, 2096, and 2406.

PREAMBLE

This Agreement entered into and concluded at Peoria, Illinois, on this 28th day of February, 2011 by and between Caterpillar Inc., hereinafter designated and referred to as the "Company" but only with respect to the facilities owned or operated by the Company at locations covered by the bargaining units specified in Article 2 and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America and its affiliated Local Unions Nos. 145, 751, 786, 974, 1415, 2096, and 2406 hereinafter designated and referred to as the "Union," through their duly authorized representatives, do hereby agree as follows:

ARTICLE I

Purpose

(1.1) The purpose of this Agreement is to establish harmonious relations between the parties and to facilitate orderly adjustment of grievances, complaints and disputes, which may arise from time to time between the Company and the Union. This

Agreement is entered into in consideration of the mutual performance thereof in good faith by the parties.

(1.2) The parties agree that wherever words such as "he," "him," "his," "Committeeman," "Foreman," or similar words appear in this Agreement, appended Letters of Agreement, Exhibits, Local Agreements, or Agreements and Plans relating to Pensions, Group Insurance, Tax Deferred Savings Plan, and Tax Deferred Retirement Plan, it is understood that such words are considered asexual and refer to females and males equally.

ARTICLE 2

Recognition

(2.1) The Company recognizes the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (hereinafter sometimes called International Union) and its respective Local Unions 145, 751, 786, 974, 1415, 2096, and 2406 as the exclusive representatives severally for the respective bargaining units, hereinafter described, for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, and other conditions of employment.

The respective bargaining units to which the recognition of the International and the respective Local Unions extends are:

- (i) Local 974 and International Union - the Peoria Unit as described in NLRB

Certification dated June 10, 1948, Case No. 13-RC-175. The geographical limits of the above unit shall only include the Peoria Area.

- (ii) Local 751 and International Union - the Decatur Unit as described in NLRB Certification dated September 26, 1955, Case No. 13-RC-4494 and Case No. 13-RC-4508.
- (iii) Local 786 and International Union - the York Unit as described in NLRB Certification dated April 5, 1954, Case No. 4-RC-2199. The geographical limits of the above unit shall only include the York Distribution Center.
- (iv) Local 145 and International Union - the Aurora Unit as described in NLRB Certification dated September 27, 1958, Case No. 13-RC-6075 and Case No. 13-RC-6122.
- (v) Local 1415 and International Union - the Denver Unit as described in NLRB Certification dated April 27, 1966, Case No. 27-RC-2942 and Case No. 27-RC-2943.
- (vi) Local 2406 and International Union - the Memphis Unit as described in NLRB Certification dated July 12, 1976, Case No. 26-RC-5283.

- (vii) Local 2096 and International Union - the Pontiac Unit as described in NLRB Certification dated February 16, 1979, Case No. 33-RC-2393.
- (viii) Other Locals of the International that now or hereafter may represent employees at other facilities of the Company may with the consent of the Company and the International, become parties to this Agreement during its term; in such event the several Local Unions signatory hereto agree that the Preamble hereof and this Section 2.1 may be amended without further concurrence by them to reflect such joinder.

(2.2) The provisions of this Central Agreement and appended Letters of Agreement (together with the appropriate Local Agreement when made and ratified) shall comprise a complete agreement for, and be individually applied to, each bargaining unit specified in Section 2.1 of this Agreement. This Central Agreement even though not a complete agreement as to all terms and conditions of employment at the several bargaining units, shall be effective and binding on the Union and the Company on the first Monday following the date on which the Company receives satisfactory notice from the International Union that it has been ratified by a majority of the employees represented by the Union voting on ratification. No Local Agreement shall change, alter or detract from this Agreement, but rather shall only supplement this Agreement to the ex-

tent not inconsistent with it. If there is a conflict or inconsistency between the provisions of this Agreement and those of any Local Agreement, the provisions of this Agreement shall be controlling.

ARTICLE 3

Union Security

(3.1) Each employee shall, on and after the thirtieth day following his first day of employment in a bargaining unit, be required as a condition of employment in that bargaining unit to be and remain a member of the Union; provided, that this shall not apply (a) to any employee to whom such membership is not available on the same terms and conditions generally applicable to other members, nor (b) to any employee to whom membership in the Union is denied, or whose membership in the Union is terminated, for any reason other than his failure to tender the initiation fee and periodic dues uniformly required as a condition of acquiring or retaining such membership, nor (c) until the thirtieth day following the date on which this Agreement goes into effect, to any person who on the date this Agreement goes into effect, is an employee (whether or not actively working) but is not a member of the Union in good standing in accordance with its Constitution and Bylaws, nor (d) to any employee covered by Local Agreements between the Company and Union Locals Nos. 1415 and 2406.

(3.2) For the duration of this Agreement, any member of the Union desiring to have the Company check off the Union initiation fee, if any, and his regu-

lar monthly Union membership dues, may sign, secure any other signature necessary, and complete an "Authorization for Dues Check-Off" which will authorize the Company to deduct such dues from the employee's earnings. Such dues, regardless of source, shall be remitted to the Financial Secretary of the respective Local Union. However, the Company shall not deduct initiation fees from the earnings of employees in the bargaining unit represented by Local 974.

The Union will provide the necessary "Authorization for Dues Check-Off" forms which shall authorize the Company to make such deductions and the Union will secure the necessary signature or signatures on the forms and deliver the properly completed and signed forms to the Company. Such "Authorization for Dues Check-Off" is to be in the form agreed upon by the parties. Such "Authorization for Dues Check-Off" will be placed in effect by the Company during the next month following delivery to the Company, if such assignment is delivered not later than the day of the month specified in the respective Local Agreement. Otherwise, the assignment will be placed into effect the second month following.

Deductions to be made in accordance with this Section shall be from the employee's first pay distribution of each calendar month provided an employee has earnings in that pay period. If an employee has insufficient earnings in the first pay the deduction shall be made from a subsequent pay for weeks during that same month. If the employee has insufficient net earnings in any of these pays the amount of the dues shall

not be carried into the succeeding month, but the Company shall report to the respective Local Union that the employee had no dues deducted for that month, having received insufficient earnings in any of these pays. Initiation fees shall be carried until collected.

A total of the deductions made in accordance with this Section 3.2 shall be paid to the Financial Secretary of the respective Local Union no later than five regularly scheduled workdays (excluding Saturdays, Sundays, holidays as listed in Section 7.8 and vacation periods as described in Section 9.2) after the end of the week in which pay is distributed which reflect the deductions and efforts will be made to make such payments by Tuesday of the week following the week in which pay is distributed which reflect the deductions.

The Union agrees that it will indemnify the Company and hold it blameless for any damages, which may be assessed as a result of the operation of this Section.

(3.3) A "Check-Off Authorization" shall be irrevocable by an employee in the Union Locals 145, 751, 786, 974, 1415, 2096, and 2406 (1) for a period of one year from the date of delivery of such authorization to the Company or each successive period of one year or (2) until the termination of this Agreement, whichever occurs sooner, unless written notice is given by any such employee to the Company and the Union not more than twenty days and not less than ten days prior to the expiration of (a) any such one year period or (b) this Agreement, whichever occurs sooner.

A "Check-Off Authorization" of an employee who separates from a bargaining unit after the effective date of this Agreement, and who thereafter returns to that bargaining unit, shall be automatically reinstated upon such return, except when the employee's return is subsequent to the termination of this Agreement.

ARTICLE 4

Representation

(4.1) Beginning with the commencement of the terms of office for Union Representatives who are elected subsequent to the effective date of the Agreement or June 1, 2011, whichever occurs earlier and in order to provide a system of Union Representation for the processing and settlement of grievances, the representation structure for each Local and the duties and privileges of such representatives shall be set forth in the appropriate Local Supplement. The number of Company-paid part-time (as necessary) committeemen for each Final Step Grievance Committee shall be as set forth below:

Committee	Number of Committeemen
Mossville	4
East Peoria (except Building KK)	5
Aurora	4
Decatur	4
Mapleton	3
Building KK (East Peoria)	3

Morton	3
Pontiac	4
Technical Center and Peoria Proving Ground	2
Specialty Products	2
Denver	3
York	3
Memphis	3

(4.2) Union Representatives will handle grievances with least possible interference with production and efficient operations. If in any instance the Company feels that such privileges are being abused, it shall so notify the Local Union, in writing, and in the event the abuse is not then corrected, or an understanding not reached, the Company may suspend the privileges of the Union Representative involved. Any dispute arising therefrom may then be taken up under the grievance procedure.

The Company agrees that the provisions of Sections 4.2 or 4.3 will not be administered in such a manner that Union Representatives will be denied the privileges granted Union Representatives in the performance of the functions permitted such representatives under this Agreement or the appropriate Local Agreement.

(4.3) If, in the handling of a grievance in accordance with the provisions of this Agreement, or the appropriate Local Agreement, it is necessary for an employee or a Union Representative to leave his line, unit or immediate working area, the employee or Union

Representative shall secure a pass from his immediate Supervisor. The Supervisor will issue the pass without undue delay. Such pass shall indicate the reason for the issuance of the pass and the area or areas, which the Union Representative is authorized to enter. The Union Representative will present the pass to the Supervisor of the area for which the pass was issued and indicate the employees he wishes to contact.

(4.4) Each Local Union shall provide the Company with a list of all Union Representatives, members of Grievance Committees, members of the Bargaining Committee, and officers of the Local Union. Each Local Union shall notify the Company of any changes in this list as promptly as possible. The Company agrees to provide each Local Union with a list of supervisory employees, by departments and shifts, who are authorized and designated to handle grievances under the local grievance procedure. The Company shall notify the Local Union of any changes in this list as promptly as possible.

(4.5) Upon request to a Business Unit Human Relations Department, International Representatives of the Union (not to exceed two) shall be granted permission to visit a business unit during working hours for the purpose of investigating any specific grievance which is pending the Final Step of the grievance procedure, or which is scheduled to be heard at an arbitration hearing, and the proper investigation of which requires entry into that business unit. The Company will acknowledge the request and will set a time, which is mutually agreeable for such visit.

A member of the Final Step Grievance Committee and the Local Union President and Chairman of the Local Bargaining Committee may accompany the International Representative(s) during such visit.

Management representatives may accompany the Union Representative(s) during such visit. Such visits shall be of reasonable duration, and during these visits the International Representative(s) may interview the aggrieved employee or employees, provided the interviews do not materially interfere with production and efficient operation. The International Representative(s) shall be subject to all business unit rules and regulations while engaged in such visit.

(4.6) The appropriate Committeeman will be permitted to discuss the final disposition of the grievance in the grievance procedure with the aggrieved employee.

(4.7) Throughout both the Central Agreement and various Local Agreements, there are references to various facilities, locations, business units, divisions, and plants. Unless specifically provided otherwise, those terms shall refer to the following:

Aurora
Decatur
York
Building KK (East Peoria)
East Peoria (except Building KK)
Mapleton/Mossville
Technical Center and Peoria Proving Ground
Morton
Denver
Memphis
Pontiac

ARTICLE 5

Grievance Procedure

(5.1) A grievance is a claim of an employee or the Union that his or their rights including interpretation, application or alleged violation of any provisions of this Agreement, working conditions not covered by this Agreement, appended Letters or Memorandums of Agreement or appropriate Local Agreement, have been violated.

(5.2) It is mutually desired that grievances be satisfactorily settled as quickly as possible. The parties agree that frivolous and/or repetitive grievances shall not be filed. Information concerning repetitive grievances provided to supervisors will also be provided to the appropriate Grievance Committee Chairman.

If the Company refuses to accept a grievance, which it deems to be frivolous and/or repetitive, the appropriate Committeeman may request an explanation from the business unit Human Relations Manager concerning the reason(s) for such determination. If, following such explanation, the Committeeman still believes that such grievance is not frivolous or repetitive; the grievance may be presented, in writing, directly to the Final Step of the local grievance procedure.

The filing and processing of multiple grievances on the same issue or incident by employees or Union Representatives does not facilitate the resolution of grievances nor fulfill the intent of Section 4.2 or Section 16.5 of this Agreement. In order to minimize du-

plication of effort by Union Representatives, and to expedite the processing of grievances when more than one employee is aggrieved over the same issue or incident, a single group grievance on behalf of these employees will be presented to the appropriate step of the local grievance procedure.

When a grievance arises, the employee shall identify the issue by indicating the specific action or non-action on the part of the Company which prompts the grievance whereupon the Supervisor shall, without undue delay, send for the Union's First Step Grievance Representative and an earnest effort will be made to settle the grievance in accordance with procedures provided in the Local Agreements.

The parties jointly recognize that it is desirable to resolve, if possible, any question of fact relevant to any grievance at as early a Grievance Step as is reasonably possible and will cooperate with each other in an effort to do so; such cooperation shall extend, in appropriate cases, to joint investigation to establish the relevant facts.

(5.3) Termination of any grievance in the First Step or, in locations having a Three Step grievance procedure, the Second Step of the local grievance procedure, either by the Company granting relief in whole or in part or by the Union withdrawing or dropping the grievance, shall not constitute a precedent for the settlement of any future grievance in any Step of the grievance procedure or in support of either party's position in arbitration; however, any such "no precedent"

termination shall not constitute an eradication of the events which led to the Company action or non-action of which the grievance complained.

(5.4) No claims against the Company, including claims for back pay, by an employee covered by this Agreement, or by the Union, shall be retroactive to any period more than 12 months prior to the date the grievance was first filed in writing. In the case of a discharged employee or other cases of accruing liability (as defined in Section 6.3 of this Agreement), all claims for back pay shall be limited to the amount of wages the employee would otherwise have earned from his employment with the Company, less the following:

1. Any Unemployment Compensation, which the employee is, not obligated to repay or which he is obligated to repay but has not repaid nor authorized the Company to repay on his behalf.
2. Compensation for personal services other than the amount of compensation he was receiving from any other employment, which he had at the time he last worked for the Company and which he would have continued to receive had he continued to work for the Company during the period covered by the claim.

Wages for total hours worked each week in other employment in excess of the total number of

hours the employee would have worked for the Company during each corresponding week of the period covered by the claim shall not be deducted.

(5.5) Employees shall be given disciplinary layoff, suspended from employment, or discharged only for just cause. In imposing disciplinary layoff, suspension or discharge on a current charge, the Company will not take into account any prior infractions (including falsification of employment application) which occurred more than three years previously nor, in the case of attendance infractions, any days of absence paid under Section 15.1 for which prior approval had been granted by the Company for such absence. In the event an employee has been given disciplinary layoff, suspended from employment, or discharged, his Supervisor will send for the employee's Committeeman to discuss, for such time as may reasonably be necessary, the case with the employee. In the event the employee's Committeeman is not available, the appropriate Union representative will be called.

Within a reasonable time (not to exceed 5 working days) after disciplinary layoff, suspension from employment or discharge has been imposed, either party may request that a disciplinary hearing be conducted by the appropriate Final Step Company representative. At the disciplinary hearing, the employee shall have the right to be present and the appropriate Committeeman shall have the right to represent him. If the parties mutually agree, witnesses may be jointly interviewed so the relevant facts can be ascertained. Employees at work who participate in a disciplinary hearing will not

lose pay for regularly scheduled hours spent in such hearing.

Grievances involving disciplinary layoff, suspension or discharge may be presented, in writing, directly to the Final Step of the local grievance procedure. The Company must be notified of a claim of wrongful disciplinary layoff, suspension or discharge within fifteen calendar days after same occurs, and the case shall be taken up promptly and diligent efforts made to dispose of it.

(5.6) An employee who receives a warning will, where the act resulting in the warning would constitute cause for disciplinary action if continued, be given a written notice setting forth his name, badge number, date of the warning, and the reason for the warning.

(5.7) If, in the Final Step of the local grievance procedure, the Union considers as unsatisfactory the Company's decision on a grievance which has as its basic issue a medical disagreement wherein the findings of the Company's physician or physicians are in conflict with the findings of the employee's personal physician, the medical question shall be submitted to a third physician mutually agreed to by the parties within five working days following the Company's decision on such grievance. The medical opinion of the third physician after examination of the employee and consultation with the other two physicians shall resolve such conflict. A copy of the third physician's findings shall be supplied to both the Company and the Union. The expense of the third physician shall be paid one-

half by the Company and one-half by the Union, each of whom will be billed separately by the third physician for their share of such expense.

Each Local Union may, at its option, develop with the Company a list of mutually agreeable physicians including specialists, and/or medical facilities to which such medical disputes may be referred.

ARTICLE 6

Arbitration

(6.1) Except for those grievances referred to in Section 6.9 below, if the Union is of the opinion that the Company's Final Step decision on a grievance involving the interpretation, application or violation of any provision of this Agreement, appended Letters of Agreement or appropriate Local Agreement is unsatisfactory and that the grievance merits consideration for possible arbitration, the appropriate Local of the Union shall prepare a "Union Statement of Unresolved Grievance" and shall refer the grievance to the appropriate Regional Director of the International Union, or his designated representative, who shall review such grievance and all relevant facts to determine whether it warrants further consideration. If the Regional Director or his designated representative determines that the grievance warrants further consideration, he shall deliver the "Union Statement of Unresolved Grievance" to the UAW-Agricultural Implement Department. It shall be the final responsibility of the UAW-Agricultural Implement

Department to determine whether such grievance shall be referred to arbitration as hereafter provided.

If the UAW-Agricultural Implement Department is of the opinion that such a grievance merits consideration for possible arbitration, the UAW-Agricultural Implement Department shall within, but not beyond, 60 calendar days of the date of the Company's answer in the Final Step of the grievance procedure, prepare and deliver a written "Notice of Appeal to Arbitration" to the Company's Corporate Human Relations Office. If such notice is not given within such time, the grievance shall be deemed closed.

(6.2) The Company and the International Union (acting for itself and the appropriate Local Unions) shall, pursuant to the procedures heretofore separately agreed upon, select a Permanent Arbitrator, and if necessary any successor Permanent Arbitrators, subject, however, to his or their removal by death, incapacity, resignation, or request of the Company or the International Union. Should the Company or the International Union desire to terminate the appointment of a Permanent Arbitrator, the one so desiring shall give written notice to the other and to the Permanent Arbitrator terminating the latter's authority as of the date specified in such notice after which he shall have no authority to receive additional cases or to hold hearings (other than to complete any hearings in which partial evidence has been heard but not concluded); the Arbitrator shall, however, complete any hearings in which partial evidence has been heard and render decision thereon and on any pending cases in which hearings

have been completed. Any case in which the Arbitrator is unable or unwilling to render a decision shall go over to the successor Arbitrator for hearing or rehearing and decision. If a party gives notice to terminate the Arbitrator's authority it shall bear the Arbitrator's termination fee and any cancellation fees for future scheduled hearings.

(6.3) Grievances referred to arbitration shall be heard in the chronological order of their referral, provided, however, that grievances involving discharges and other cases of similar accruing liabilities shall be heard in the chronological order of their referral prior to the hearing of any other grievance. The phrase "grievances involving discharge and other cases of similar accruing liabilities" shall be interpreted to mean discharges, improper layoff, failure to recall an employee, or some other circumstance wherein an employee is not at work and disputes involving the suspension of the privileges of a Union Representative under the provisions of Section 4.2 of this Agreement.

Grievances, which embrace issues related solely to a Local Supplement, will be presented in arbitration by Regional representatives of the Union, or their designated representatives.

By mutual agreement of the Company and the International Union (acting for itself and the appropriate Local Union), specific grievances may be heard out of chronological order.

(6.4) The dates for hearings of grievances referred to arbitration shall be established by mutual agreement of the Permanent Arbitrator, the Agricultural Implement Department of the International Union and Corporate Human Relations Office. By mutual agreement of the parties, a tape recorder will be used to record the proceedings of each hearing. In the absence of mutual agreement, a transcript will be prepared for each hearing by a court reporter. The parties may file post-hearing briefs with the Arbitrator within such period as he may specify. However, either party may, at its option and without establishing precedent for future action, waive the filing of a post-hearing brief, in which event, notice of intent to waive such filing shall be given to the Arbitrator and the other party within five calendar days after the hearing or receipt of the transcript, whichever is appropriate.

(6.5)

- a. A tentative docket of those cases to be considered at a given hearing shall be furnished to the Corporate Human Relations Office and the Permanent Arbitrator in the numerical order for scheduling at least eighty calendar days prior to the date of the hearing. This tentative docket may list more cases than the number to be scheduled for the hearing.

At least sixty-five calendar days prior to a particular hearing, representatives from the UAW-Agricultural Implement Department and the Corporate Human Relations

Office will meet to attempt to resolve any grievance referred to it by determining whether or not the facts of the case have resulted in a violation of the provisions cited. The Regional Director of the UAW (or his designated representatives), the Bargaining Chairman and/or the Chairman of the Final Step Grievance Committee, and the Human Relations Manager (or his designated representatives) may attend such meetings.

If unresolved grievances remain following this meeting and the UAW-Agricultural Implement Department wishes to process such grievances to arbitration, the UAW-Agricultural Implement Department shall forward to the appropriate Chairman of the Final Step Grievance Committee and Human Relations Manager a "Notice of Statement of Unresolved Grievances Due". This written notice shall be forwarded within ten days after such meeting, and shall specify those grievances, which remain unresolved from the tentative docket. If no such Notice is delivered within such time, all grievances on the tentative docket shall be deemed closed. If any grievance is bypassed in the chronological order, as listed in such Notice, such bypassed grievance(s) shall be deemed closed.

At least thirty calendar days prior to the hearing, the appropriate Chairman of the Final Step Grievance Committee and Human Relations Manager shall meet to simultaneously exchange "Statements of Unresolved Grievances" for not more than the following maximum number of grievances in chronological order (as defined in Section 6.3).

<u>Length of Hearing</u>	<u>Number of Grievances</u>
1 day	3
2 days	6
3 days	9

If no Statements of Unresolved Grievance are provided for simultaneous exchange by the Union then all grievances listed on the "Notice of Statement of Unresolved Grievances Due" shall be deemed to be closed. If less than the above maximum number of statements are provided for simultaneous exchange by the Union, then all other grievances listed in such Notice shall be deemed closed. If in the simultaneous exchange of statements, any grievances listed in the Notice are bypassed by the Union, then all such bypassed grievances shall be deemed closed.

The "Union Statement of Unresolved Grievance" shall contain (i) the specific action or non-action claimed to constitute

a violation of this Agreement, appended Letters of Agreement or appropriate Local Agreement and all of the facts relied upon in support of such claim, (ii) the specific section(s) of such Agreement or Agreements claimed to be violated, together with a statement of the reason(s) why such action or non-action is claimed to constitute a violation of such section(s), and (iii) the specific relief requested. The “Company Statement of Unresolved Grievance” shall contain (i) the Company’s understanding of the issue involved, (ii) all of the facts relied upon by the Company in defense against the grievance, and (iii) the Company’s position on the issue.

Within ten (10) days of such exchange, either party may elect to file with the other a “Notice of Additional Facts”. This “Notice of Additional Facts” is intended solely to allow the filing party to counter facts documented on the other party’s “Statement of Unresolved Grievance” which were not addressed on the filing party’s “Statement of Unresolved Grievance.” Such “Notice of Additional Facts” must identify the specific facts being countered.

It is the purpose and intent of the “Statements of Unresolved Grievance” and “Notices of Additional Facts” to assure that there will

be full discussion and consideration of the grievance on the basis of a full disclosure of the relevant facts and positions. If such grievance is pursued to arbitration and if, in arbitration, either party shall attempt to deviate from or supplement the contents of such statements, and/or notices, the Arbitrator shall either (1) obtain the concurrence of the other party to admit the deviation or supplement, or (2) restrict the evidence and testimony to the issues, alleged violations, facts, and positions contained in the original statements and/or notices.

- b. Additions to the docket of those cases referred to in Section 6.9 below which are to be considered at a given hearing shall be furnished to the Corporate Human Relations Office in the chronological order of their referral at least thirty calendar days prior to the date of the hearing.
- c. Fifteen calendar days prior to a particular hearing, the docket for that hearing shall be frozen by taking the following number of unresolved cases from the top of the tentative docket described in (a) and (b) above:

<u>Length of Hearing</u>	<u>Number of Cases</u>
1 day	2
2 days	4
3 days	6

Within fifteen calendar days prior to a hearing, substitutions in the docket may only be made by mutual agreement of the parties.

(6.6) Not later than the day prior to the arbitration hearing, the parties will meet for the purpose of preparing and signing a submission to arbitration, which will include a statement of the issue or issues and the Arbitrator shall decide only the issue or issues set forth in such submission. However, if the parties fail to agree upon and sign such submission by the hearing date, and if the Union Statement of Unresolved Grievance sets forth (i) the specific action or non-action claimed to constitute a violation of this Agreement, appended Letters of Agreement or appropriate Local Agreement, (ii) the specific Section or Sections of such Agreement or Agreements claimed to be violated together with a statement of the reason or reasons why the action or non-action specified in (i) is claimed to constitute a violation of such Section or Sections, and (iii) the relief requested, the grievance shall be presented to arbitration notwithstanding the failure to agree upon a submission. In such latter event, the Arbitrator shall determine whether the Union Statement of Unresolved Grievance reasonably complies with the requirements of the foregoing sentence. If it does not comply, he shall refer the matter back to the appropriate Local Union. In such event, the Local Union will prepare and deliver a new Statement of Unresolved Grievance. The grievance shall then be processed in the same manner as though such were the first Union Statement written and delivered. If the Union Statement of Unresolved

Grievance does comply, he shall proceed to a decision on the merits, but shall determine only whether or not the action or non-action specified in the Union Statement of Unresolved Grievance violates the Section or Sections of the Agreement or Agreements so specified and, if such violation has occurred, the relief to be granted, which shall not be broader than the relief so requested.

(6.7) The decision of the Arbitrator shall be final and binding upon all parties to the dispute. However, the Arbitrator shall have no power to change, alter, detract from, or add to the provisions of this Agreement, the appended Letters of Agreement, and/or the appropriate Local Agreement but shall have the power only to apply and interpret the provisions of such Agreements or Letters in reaching his decision; the Arbitrator shall have no power to rule on any dispute arising under Section 11.2 of the Aurora, Section 16.2 of the Decatur, Section 6.7 of the Peoria, Section 6.6 of the Pontiac Local Agreements, or Section 18.3 hereof.

It shall be incumbent upon the Arbitrator to recognize that he has been engaged by the parties for the sole purpose of adjudicating disputes that are properly before him and that his conduct of the hearing should be governed accordingly. The parties have agreed that the Arbitrator should conduct an orderly hearing and that the Arbitrator should not intrude into either party's presentation so as to prevent that party from putting forward its case in the manner and sequence determined by that party, subject, of course, to reasonable rules of arbitration procedure and evidence.

The parties assume the sole responsibility for developing the theory, arguments and proof of their respective positions in the arbitration procedure. The Arbitrator shall respect their judgment as to the content of their presentation and shall not engage in developing additional or alternative theories, arguments or proof supportive of either party's position. The Arbitrator shall neither accept as fact, nor require the other party to refute, either party's charges, allegations or statements that are not supported by proper evidence.

The provisions of this Article 6 do not authorize the Arbitrator to serve as a mediator, conciliator or conduct an independent investigation of facts unless the parties so mutually agree. It is the desire of both parties that the Arbitrator serve the parties in the adjudication role described above and for the purpose for which the arbitration process was originally developed a means by which a truly impartial third party could adjudicate disputes between two parties to a labor agreement over the interpretation, application or violation of that agreement.

(6.8) Expense of the arbitration, including the Arbitrator's fees and expenses and stenographic or tape recording expenses, shall be borne equally by both parties subject to the special provisions applicable in the event one of the parties terminates the Arbitrator's authority.

(6.9) The foregoing provisions of this Central Agreement are amended only to the extent necessary to provide an expedited arbitration procedure for

grievances wherein the parties mutually agree in the Final Step of the grievance procedure that the sole issue is whether there was “just cause” for either discharging an employee, or giving an employee a disciplinary layoff.

If the appropriate Local of the Union is of the opinion that such a “just cause” grievance merits consideration for possible expedited arbitration, the appropriate Local of the Union shall within, but not beyond, 60 calendar days of the Company’s answer in the Final Step of the grievance procedure, prepare and deliver a written “Notice of Appeal to Expedited Arbitration” to the appropriate Human Relations Manager with copies to the UAW-Agricultural Implement Department and the Company’s Corporate Human Relations Office. If such notice is not given within such time, the grievance shall be deemed closed.

Such grievances shall be heard in the chronological order of their referral, provided, however, that grievances involving discharges shall be heard in the chronological order of their referral prior to the hearing of any other grievance in expedited arbitration. Grievances referred under this Section 6.9 may be heard by either the Permanent Arbitrator or an Alternate Arbitrator (from a permanent panel of five Alternate Arbitrators to be agreed upon by the parties).

The parties agree to waive the right to file a post-hearing brief in such expedited arbitration. The Arbitrator shall render an award within 10 calendar days of receipt of the transcript or in the alternative, within 10 days of the hearing provided the Arbitrator and the

parties agree at the time the hearing is scheduled that a tape recorder will be used to record the proceedings of such hearing. In either event, the Arbitrator will limit his opinion to that which is necessary to briefly explain his award.

In the event a grievance scheduled for expedited arbitration is resolved at least fifteen days prior to the date of the hearing, another such just cause grievance may be substituted by mutual agreement of the parties.

ARTICLE 7

Hours of Work and Overtime

(7.1) The regular weekly schedule of work of employees on the regular first and second shifts shall consist of five days Monday through Friday, inclusive, and of employees on the regular third shift shall consist of five days Sunday night through Thursday night, inclusive. For all purposes of this Agreement and each Local Agreement, except the preceding sentence, and notwithstanding any inconsistent provision elsewhere, in the case of employees scheduled to work on the regular third shift, Sunday night through Thursday night, the day of work shall be considered to be the calendar day upon which the shift is scheduled to end, and in the case of employees scheduled to work on irregular schedules who are scheduled to work on Sundays rather than Mondays, because of the fact that the regular weekly schedule of the regular third shift begins on Sunday instead of Monday, the day of work shall be considered to be the calendar day on which their shift is scheduled to end. Due to the diversity of alternate

work schedules, alternate work schedule shift designations will be determined by the Company.

(7.2) The regular shifts will be as follows:

- a. The regular first shift will start between 7:00 a.m. and 8:00 a.m., the exact starting times to be determined by the Company.

In Local 786 for the York Distribution Center, the regular first shift will start between 6:00 a.m. and 7:00 a.m., the exact starting times to be determined by the Company.

- b. The regular second shift will start between 3:00 p.m. and 4:00 p.m. except for the York Distribution Center in Local 786.

The regular second shift will start between 2:00 p.m. and 3:00 p.m. for the York Distribution Center in Local 786.

- c. The regular third shift will start between 11:00 p.m. and 12:00 midnight except for the York Distribution Center in Local 786.

The regular third shift will start between 10:00 p.m. and 11:00 p.m. for the York Distribution Center in Local 786.

Employees on these shifts will be scheduled to work eight hours, including a 20-minute lunch period to be considered and paid for as time worked.

An employee who is scheduled to work four or more hours overtime before or beyond his regular shift will be allowed time for a brief snack, not to exceed ten minutes, before the start or end of his regular shift, whichever is applicable.

(7.3) It is recognized that because of operation requirements, employees may be assigned to a schedule other than a regular shift as above defined. Exceptions to the regular shift are:

1. Irregular schedules consisting of five eight-hour shifts, not necessarily coinciding with the regular shift, during the seven calendar days Monday through Sunday.
2. Alternate work schedules consisting of all schedules other than those defined as regular or irregular.

When a new alternate work schedule is initiated within a work group, all of the initial assignments to such schedule will be made on a voluntary basis. However, in the event that insufficient qualified volunteers are available to meet initial staffing requirements, the Company shall have the right to require incumbents to work the alternate work schedule and to assign employees to any unfilled positions as otherwise permitted under this Agreement provided, however, the fore-

going provisions of this sentence shall not be applicable to alternate work schedules which involve shifts of twelve or more hours.

Employees assigned to such irregular schedules or alternate work schedules, and who feel that such assignments are not based upon real and practical considerations, may seek recourse under the grievance procedure.

(7.4) The Company will pay a nightshift premium of 60 cents per hour for all hours worked by an employee who is authorized to start work between 12:00 noon and 2:00 a.m., inclusive.

An employee who is regularly assigned to and works a shift whose starting time entitles the employee to receive a nightshift premium for all hours worked on such shift and who is temporarily assigned to the regular first shift for a period of time (1) to receive training which the Company determines is necessary, (2) to work during each of the "vacation periods" set forth in Section 9.2 of this Agreement, or (3) to work less than a week on the regular first shift shall continue to receive a night shift premium for all hours worked during such periods.

(7.5) When there is no work, or not enough work, and an employee is permitted to report for work on his regular shift without being notified not to report, then the employee shall receive a minimum of four hours' pay at whatever rate is applicable, unless the lack of work is caused by a labor dispute within the plant or is

brought about by a condition beyond the control of the Company.

(7.6) An employee called to work outside of his regular schedule shall receive a minimum of four hours' pay at whatever rate is applicable. The charge an employee received for overtime allocation purposes will be compatible with the rate the employee is paid.

(7.7) An overtime premium shall be paid as follows:

- A. Work in excess of the employee's regularly scheduled hours on any regularly scheduled workday shall be paid at the rate of time and one-half.
- B. Work performed on days outside of an employee's regular workweek schedule:
 - 1. For the first such day shall be paid at the rate of time and one-half.
 - 2. For the second such day, regardless of whether the employee worked such first available day, shall be paid at the rate of double time.
 - 3. For the third or fourth such day shall be paid at the rate of time and one-half.

- C. Work performed on recognized holidays shall be paid at the rate of double time.

(7.8) When the following holidays (with the exception of December 24 and December 31 of any year) fall on a Sunday, Monday will be observed as the holiday.

The following are recognized holidays:

- A. At all Business Units except as noted in B of this Section:

April 22, 2011 (Fri.)
May 30, 2011 (Mon.)
July 4, 2011 (Mon.)
September 5, 2011 (Mon.)
November 24, 2011 (Thurs.)
November 25, 2011 (Fri.)
December 24, 2011 (Sat.)
December 25, 2011 (Sun.)
December 31, 2011 (Sat)

January 1, 2012 (Sun.)
January 16, 2012 (Mon.)
April 6, 2012 (Fri.)
May 28, 2012 (Mon.)
July 4, 2012 (Wed.)
September 3, 2012 (Mon.)
November 22, 2012 (Thurs.)
November 23, 2012 (Fri.)
December 24, 2012 (Mon.)
December 25, 2012 (Tues.)
December 31, 2012 (Mon.)

January 1, 2013 (Tues.)
January 21, 2013 (Mon.)
March 29, 2013 (Fri.)
May 27, 2013 (Mon.)
July 4, 2013 (Thurs.)
September 2, 2013 (Mon.)
November 28, 2013 (Thurs.)
November 29, 2013 (Fri.)
December 24, 2013 (Tues.)
December 25, 2013 (Wed.)
December 31, 2013 (Tues.)

January 1, 2014 (Wed.)
January 20, 2014 (Mon.)
April 18, 2014 (Fri.)
May 26, 2014 (Mon.)
July 4, 2014 (Fri.)
September 1, 2014 (Mon.)
November 27, 2014 (Thurs.)
November 28, 2014 (Fri.)
December 24, 2014 (Wed.)
December 25, 2014 (Thurs.)
December 31, 2014 (Wed.)

January 1, 2015 (Thurs.)
January 19, 2015 (Mon.)
April 3, 2015 (Fri.)
May 25, 2015 (Mon.)
July 4, 2015 (Sat.)
September 7, 2015 (Mon.)
November 26, 2015 (Thurs.)
November 27, 2015 (Fri.)
December 24, 2015 (Thurs.)

December 25, 2015 (Fri.)
December 31, 2015 (Thurs.)

January 1, 2016 (Fri.)
January 18, 2016 (Mon.)
March 25, 2016 (Fri.)
May 30, 2016 (Mon.)
July 4, 2016 (Mon.)
September 5, 2016 (Mon.)
November 24, 2016 Thurs.)
November 25, 2016 (Fri.)
December 24, 2016 (Sat.)
December 25, 2016 (Sun.)
December 31, 2016 (Sat.)

January 1, 2017 (Sun.)
January 16, 2017 (Mon.)

B. At Caterpillar Logistics Services facilities:

May 30, 2011 (Mon.)
July 4, 2011 (Mon.)
September 5, 2011 (Mon.)
November 24, 2011 (Thurs.)
November 25, 2011 (Fri.)
December 24, 2011 (Sat.)
December 25, 2011 (Sun.)
December 31, 2011 (Sat.)

January 1, 2012 (Sun.)
May 28, 2012 (Mon.)
July 4, 2012 (Wed.)
September 3, 2012 (Mon.)

November 22, 2012 (Thurs.)
November 23, 2012 (Fri.)
December 24, 2012 (Mon.)
December 25, 2012 (Thurs.)
December 31, 2012 (Mon.)

January 1, 2013 (Tues.)
May 27, 2013 (Mon.)
July 4, 2013 (Thurs.)
September 2, 2013 (Mon.)
November 28, 2013 (Thurs.)
November 29, 2013 (Fri.)
December 24, 2013 (Tues.)
December 25, 2013 (Wed.)
December 31, 2013 (Tues.)

January 1, 2014 (Wed.)
May 26, 2014 (Mon.)
July 4, 2014 (Fri.)
September 1, 2014 (Mon.)
November 27, 2014 (Thurs.)
November 28, 2014 (Fri.)
December 24, 2014 (Wed.)
December 25, 2014 (Thurs.)
December 31, 2014 (Wed.)

January 1, 2015 (Thurs.)
May 25, 2015 (Mon.)
July 4, 2015 (Sat.)
September 7, 2015 (Mon.)
November 26, 2015 (Thurs.)
November 27, 2015 (Fri.)
December 24, 2015 (Thurs.)

December 25, 2015 (Fri.)
December 31, 2015 (Thurs.)

January 1, 2016 (Fri.)
May 30, 2016 (Mon.)
July 4, 2016 (Mon.)
September 5, 2016 (Mon.)
November 24, 2016 (Thurs.)
November 25, 2016 (Fri.)
December 24, 2016 (Sat.)
December 25, 2016 (Sun.)
December 31, 2016 (Sat.)

January 1, 2017 (Sun.)

At the Caterpillar Logistics Services facilities in addition to the foregoing holidays, each employee shall be entitled to two (2) additional holidays during each twelve-month period starting on the first Monday in the first full pay period in April and ending on the last day of the last pay period prior to the first Monday in the first full pay period in April the year following. Such holidays shall be scheduled to be taken at such times as will cause the least inconvenience in the area of operations in which these employees work and at times to be approved by their Supervisor.

(7.9) Except as provided in Section 7.1, for purposes of computing overtime under Sections 7.7 and 7.8 above, the day of work shall be considered the calendar day upon which the employee is authorized to start work. No employee on a regular schedule as defined in Section 7.1 shall be required to take time off

from his regular workweek in order to work a Saturday or Sunday.

(7.10) Overtime shall not be pyramided or paid twice for the same hours worked nor shall an employee receive payment for the same day under more than one of the provisions of Sections 15.1, 15.2, 15.3, 15.4, or 15.5.

(7.11) All overtime will be allocated in accordance with the provisions of the applicable Local Agreements.

(7.12) An employee required to work overtime on a regularly scheduled workday shall be given notice at least the workday prior to the day upon which the overtime is to be worked. An employee required to work overtime on a day not regularly scheduled shall be given notice at least two workdays prior to the day upon which the overtime is to be worked. An employee may be required to work overtime only in the event he is properly notified as herein provided.

(7.13) An employee not desiring to work overtime, however, shall not be required to do so, if he promptly notifies his Supervisor, and if within the group normally sharing the overtime, there can be found another employee available who would be willing to work such overtime. An employee so notifying his Supervisor shall, in any event, be excused from such overtime assignment, if his request to be so excused is based on compelling personal reasons (such as personal illness or injury in his immediate family).

An employee shall not be required to work on any day other than the employee's regularly scheduled workdays during any week if the employee has worked all of the employee's regularly scheduled workdays plus at least one day outside of the employee's regular schedule in each of the previous two consecutive weeks. For purposes of the preceding sentence, holidays, other than those observed on Saturday, shall be deemed to be days worked.

An employee assigned to a regular weekly schedule of work as defined in Section 7.1 will not be required to work a Saturday, or an employee assigned to an alternate schedule of work as defined in Section 7.3 will not be required to work a Saturday, which falls outside their normal work schedule that immediately follows, or precedes, any of the holidays specified in Section 7.8 falling on a Friday or Monday, except when necessary to protect the physical plant and/or equipment or unless the employee has been notified at least 14 calendar days earlier that his services are needed for repairs that the Company has scheduled during such holiday weekend. This paragraph is not applicable to employees scheduled for emergency parts shipments.

An employee assigned to a regular weekly schedule of work as defined in Section 7.1 will not be required to work over ten (10) hours in any day during such week. An employee assigned to an alternate schedule of work as defined in Section 7.3 will not be required to work over two (2) hours in addition to the employee's regularly scheduled hours on any day during such week provided, however, such employee will

not be required to work more than twelve (12) hours on any day if such employee's regularly scheduled hours are less than twelve (12) hours on such day. An employee assigned to an alternate schedule of work as defined in Section 7.3 will not be required to work any additional hours on any day during such week if such employee's regularly scheduled hours are twelve (12) or more hours on such day. No employee, except those assigned to an irregular work schedule or an alternate work schedule, will be required to work on a Sunday, and no employee, except those assigned to an irregular work schedule, will be required to work on a holiday, except when necessary work is required to protect the physical plant and/or equipment.

(7.14) The Company will advise the appropriate Union representative of overtime being worked by each employee in accordance with the respective Local Agreements.

(7.15) All employees, will, as a condition of employment, have their pay distributed by electronic funds transfer to a financial institution of their choosing which accepts such funds transfer.

Employees will be paid on a biweekly basis. Payday will be on Friday or on the next banking day preceding Friday if Friday is a banking holiday. The Company will distribute nonnegotiable pay stubs to all employees.

(7.16) Wherever in this Agreement, or the Local Agreements supplemental to this Agreement, the terms

“regular scheduled workday,” “normal scheduled days of work,” “regularly scheduled hours,” and all such similar terms are used, reference is intended to be the employee’s usual and customary workweek and daily work hours.

ARTICLE 8

Health and Safety

(8.1) The Company, the Union and employees will cooperate toward the prevention of accidents and furtherance of a safety program. The Company will continue in its efforts to protect and promote the health of all employees. The Company will endeavor to maintain a clean, properly lighted, heated, and ventilated factory with approved safety devices and will provide medical services at those plants where such is practical, or, alternatively will make arrangements for medical services to be provided by a licensed physician or other licensed health care provider at a reasonably convenient location.

During 2011 negotiations, the Company and the Union reaffirmed their common goals for a safer, more productive workplace for our employees and its members. The parties are mutually aware of the need for continued interest in the health and safety of employees covered by this Agreement. The parties jointly recognize that the elimination or minimization of unsafe or unhealthy acts and conditions in the workplace is of mutual benefit and, as such, should not be pursued in an adversarial environment. The parties further recognize the mutual advantage of correcting any deficiencies

and resolving any disputes at the earliest opportunity. Therefore, the parties agree to place renewed attention, emphasis, and effort into the use of the local safety complaint procedure. To this end, the Union is committed to work diligently towards enhancing the health and safety of its members and is equally committed to working with the Company to achieve this goal. In order that it may assist its members, the Union will encourage them to use these procedures before considering referral of the matter to any governmental agency. The Company agrees to continue to ensure that Supervisors at all levels give proper priority to health and safety issues and that such Supervisors are informed of the facilities and techniques available to respond to health and safety issues. The parties are committed to the goal of reducing health and safety hazards and creating a safe environment for the benefit of all.

(8.2) Each plant shall have a Safety Committee, composed of management and Union representatives, in accordance with the provisions of applicable Local Agreements. It shall be the duty of the Safety Committee to meet on a monthly basis and at such other times as mutually agreed without loss of pay for regularly scheduled hours. A copy of the minutes of such meetings will be provided to members of the Safety Committee. Such minutes shall include: the date of the meeting, names of the individuals present, a brief statement of items discussed and the consensus or disposition, if any, reached on those items.

The Company will provide monthly, to the plant Safety Committee, one current copy of that Business

Unit's OSHA Form #300 and man-hours worked. Upon request, the Company will provide the Chairman of the Plant Safety Committee, or the alternate in the Chairman's absence, with a copy of the OSHA Form #301 for any recordable incident included in the Business Unit's OSHA Form #300.

The functions and objectives of the Safety Committee will be:

- a. To encourage the observation of safety rules and the furtherance of the safety program.
- b. To review serious or unusual injuries and illnesses experienced within the plant and recommend possible corrective measures where appropriate.
- c. To review significant developments of mutual interest in the industrial health and safety fields and consider the applicability of such developments to the plant.
- d. To review new manufacturing equipment and major process changes where employee health or safety may be affected and make appropriate recommendation.
- e. To review established and proposed safety procedures for recognized hazardous materials (metalworking fluid programs; mist, fluid, and particulate ventilation; and foundry environmental air programs)

and physical hazards (noise, heat and radiation) to which employees are exposed and make appropriate recommendations.

- f. To review significant changes in the Company's health and safety programs due to legal requirements or Company-initiated revisions. The Company will supply this information to the Committee in advance of implementation to allow sufficient opportunity to discuss these programs and make appropriate recommendations for improvement.
- g. To review and recommend safety-related improvements in current safety training programs, such as vehicle operator safety training, machine operator safety training and hazardous material training.
- h. To periodically review the plant hearing conservation program and discuss issues including sound surveys, design specifications, and make appropriate recommendations for improvement.
- i. To periodically review the facility ergonomics program, progress in reducing musculoskeletal injuries, procedures for reporting ergonomic concerns, corrective actions being taken on high risk jobs, and to make appropriate recommendations for improvement.

- j. To periodically review the plant Safety and Ergonomics Concern Log.
- k. To periodically review the risks at the plant associated with working at elevated heights, review existing fall protection systems, and make appropriate recommendations for improvement.

(8.3) Safety Procedure

Stage 1: An employee who believes that a condition has developed which presents a significant threat to his health or safety shall promptly notify his Supervisor of such condition. The Supervisor shall determine, as promptly as possible, whether such condition represents a significant threat to the health or safety of the employee or employees involved and, if indicated, initiate appropriate corrective measures.

Stage 2: If a satisfactory solution to the problem cannot be agreed upon in Stage 1, the employee may request and the Supervisor shall, as soon as possible, but no later than the end of the employee's next regularly scheduled shift, send for the Safety Subcommitteeman (if such there be) in whose jurisdiction the condition exists for the purpose of conducting a Stage 2 joint investigation of the problem with the Supervisor. Such investigation may also receive the attention of the second-level Supervisor. At plants where Safety Subcommittees have not been established, the Safety Committeeman in whose jurisdiction the condition exists will be called initially as provided herein.

Stage 3: If a satisfactory solution to the problem cannot be agreed upon in the foregoing Stage 2 joint investigation, the investigation may be broadened at that time, if the Union Safety Subcommitteeman or Committeeman, as the case may be, so requests of the Supervisor, by the addition of (1) the Chairman of the Union Safety Committee (in the Peoria area, the Divisional or Plant Safety Committeeman, and in the Decatur Plant the Safety Committeeman, in whose jurisdiction the condition exists), (2) the Superintendent of the area, or his designated representative, and (3) the Company Safety Supervisor or his designated representative. It is understood that the Union representatives specified in (1) above will have designated alternates on the other two shifts who will function in their stead on shifts other than the shifts on which the representatives specified in (1) above work and that the Company will have been notified of these designated alternates. If a satisfactory solution to the problem is not arrived at within 3 working days the employee will be notified of the status of his complaint.

Stage 4: If a satisfactory solution to the problem has not been agreed upon at the conclusion of the Stage 3 joint investigation, a grievance may be filed directly, within five working days, to the Final Step of the grievance procedure by the member of the Final Step Grievance Committee within whose jurisdiction the alleged unsafe condition exists, and such grievance thereafter may be processed through the grievance procedure and, if not resolved, to arbitration.

Prior to the submission of the written grievance, the above-designated member of the Final Step Grievance Committee may discuss the safety problem with the appropriate Safety Committeeman provided that the Grievance Committeeman notifies the appropriate Final Step Company representative that the safety problem is being referred to the grievance procedure.

Union Safety representatives specified in (1) of Stage 3 of this Section 8.3, if desiring to investigate or discuss a condition of safety other than as provided above, may request their Supervisor to notify the Company Safety Supervisor. The Safety Supervisor, or his designated representative, upon such notification, will meet the Committeeman, without undue delay, at his place of work to discuss the matter involved or, if mutually desired, to jointly investigate the condition in question.

Notwithstanding the above, and in addition to the other provisions of this Section, if a condition or practice comes to the attention of a Safety Committeeman which he believes to constitute a serious hazard which immediately imperils the health or safety of an employee or employees, the Safety Committeeman is authorized to bring such condition or practice to the attention of the Factory or Division Manager or in Local 2096 the Department Manager or, if he not be present, to his designated representative, immediately.

It is understood and agreed that conditions challenged as unsafe, safety complaints, alleged violations of the safety provisions of this Agreement, etc., will

not be processed through the First or Second Steps of the grievance procedure.

Nothing in this Section 8.3 shall be construed to restrict the employee's rights under Section 502 of the Labor Management Relations Act of 1947.

(8.4) Whenever a physical examination or laboratory test has been made of an employee by physicians acting for the Company, a report thereof will be given to the employee and/or the personal physician of the employee involved upon the written request of such employee. However, if such examination or test discloses an abnormal condition, the employee will be so advised.

The Company will provide pulmonary function tests for all Mapleton employees, once every two (2) years. For those employees who, because of the nature of their work, are required by the Company to wear respirators, the Company will provide medical evaluations of the respiration functions on at least an annual basis.

Once during the term of the current agreement the Company will make available, on an off-shift basis, appropriate physical tests (as deemed by the plant medical director) to employees in welding classifications and employees in classifications that perform oil quench heat treat operations.

(8.5) Whenever it is determined by Company monitoring or tests that employees have had expo-

sure exceeding the permissible level as set forth in 29 CFR1910.1000 Air Contaminants, Code of Federal Regulations, such information shall be provided in writing to the Chairman of the Business Unit Union Safety Committee or, in the Peoria area, to the appropriate Business Unit Safety Committeeman.

(8.6) If, as the result of an employee complaint, the Company conducts a test of noise, air contaminants or airflow, the results of such tests shall be explained to the employee involved and to the Chairman of the Local Union Safety Committee or, in the Peoria area, to the Business Unit Safety Committeeman.

(8.7) In addition to the other provisions of this Article 8, if a condition comes to the attention of the Chairman of a Business Unit Safety Committee (or in the Peoria area, the Business Unit Safety Committeeman)

- (i) which involves noise, air contaminants or air flow, and
- (ii) which he feels constitutes a health or safety hazard to employees, and
- (iii) about which he has been unable to obtain a satisfactory explanation or response from Company Safety representatives.

Such Chairman prior to the filing of a grievance in the Final Step of the grievance procedure may submit a written request to the Central Committee on Health

and Safety that such Committee conduct a joint investigation in accordance with item 3 of Section 8.13. If such an investigation is conducted, the Chairman of the Business Unit Union Safety Committee and/or the Local Union President or his designated representative will be allowed to meet with the investigating Central Committee members before and after such investigation in order to explain his complaint and to receive an explanation of the Central Committee's findings.

(8.8) The Company shall be the sole source of safety glasses approved for wear in designated safety glasses areas. Such safety glasses shall be provided by the Company at no cost to the employee subject to the following:

- a. For nonprescription safety glasses, the Company shall furnish the first pair without cost to the employee and such glasses shall remain the property of the Company. Replacement pairs, if necessary, shall be at the employee's expense except as provided in (c) below.
- b. For employees requiring them, prescription ground safety glasses shall be provided at no cost to the employee; provided that such safety glasses shall, except as provided in (c) below, be furnished upon receipt by the Company of a revised prescription. However, such replacements due to revised prescriptions will not be furnished more often than once per year. Such glasses shall

thereafter be the sole property of the employee. A prescription for ground safety glasses will be accepted by the Company when the prescription is based on an examination made by a qualified eye doctor within the two preceding years, provided that the Company shall in no instance be obligated to pay any part of the cost resulting from a prescription for nonstandard frames, special temples, tinted or any other type of special glasses not required by reason of the employee's work at the Company.

- c. When the nature of an employee's work results in damage to either nonprescription or prescription-ground safety glasses to the extent that the Company's Safety Supervisor advises replacement, the replacement cost will be borne by the Company.

- d. On either nonprescription or prescription ground safety glasses, if an employee elects not to choose from the selection of standard no-cost frames, the Company will contribute \$14.00 towards the purchase of nonstandard frames from the Company-approved source. If an employee desires pairs of glasses in addition to those provided in (a), (b) or (c) above, the employee may purchase them from the Company at the Company's cost.

(8.9) When the Company determines that the nature of a job requires the wearing of special protective garments or safety devices, other than safety glasses, the Company will furnish the equipment without cost to the employees and will require the wearing or use of such safety equipment as a condition of employment.

(8.10) When the Company determines that the nature of a job requires the wearing of metatarsal protection; employees shall have an option of wearing auxiliary equipment provided by the Company or of purchasing safety shoes with special metatarsal protection. In the event employees elect to purchase safety shoes with metatarsal protection, and where such purchase is made at a Company-approved source, the Company will contribute the sum of \$45.00 toward the purchase of each pair of such shoes.

(8.11) The Company and the Union recognize the obligation imposed upon the parties to this Agreement by the Occupational Safety and Health Act. When an employee, who has been designated for this purpose as a representative of the employees in the bargaining unit, accompanies an OSHA inspector on an official plant inspection tour at the inspector's request, he shall not lose pay for regularly scheduled hours during such tour. More than one employee may participate as a designated representative but no more than one such designated representative shall act in such capacity at any one time and no more than one such designated representative will be paid for the same hours.

Notwithstanding the previous paragraph, when two OSHA inspectors make simultaneous and separate inspection tours, one designated representative may participate with each OSHA inspector and they shall not lose pay for regularly scheduled hours during such tours.

(8.12) As essential and valuable as the parties agree the local safety complaint procedure is in resolving questions and disputes, the parties recognize the potential advantage of a Central Committee of health and safety professionals. Such a Committee, operating in a non-adversarial environment, could provide a valuable means of communications between the parties on general matters of health and safety. Therefore, the parties agree to the establishment of a Central Committee on Health and Safety. This Committee will consist of three representatives of the International Union and three representatives of the Company. At least one of the members appointed by each party will have had professional training in industrial hygiene and at least one other member appointed by each party will have had experience and/or training in industrial safety.

The Committee shall select a Chairman and a Secretary from among the members serving. When a Company representative is Chairman, a Union representative shall be Secretary and vice versa.

The Committee will meet as frequently and at times as may be mutually agreed upon. The Secretary will keep minutes of each meeting, copies of which will be provided to the Company and Union represen-

tatives on the Committee within a reasonable time following each meeting.

(8.13) The functions and objectives of the Central Committee on Health and Safety will be:

1. To encourage the observation of safety rules and the furtherance of the safety program.
2. To review serious or unusual injury and illness experience of plants covered by this Agreement and recommend possible corrective measures where appropriate.
3. To conduct, at the request of either party, a joint investigation to measure noise, air contaminants or airflow in facilities and areas covered by this Agreement when and where conditions indicate such measurement is necessary. Arrangements for such investigations shall be made in advance and the investigations shall be conducted within a reasonable period of time.
4. To review the causes of major accidents or occupational illness clusters, which occur in the work place and fatalities resulting from work-related injuries and make recommendations where appropriate.
5. To review established handling procedures, protective measures and emergency

procedures for all recognized harmful physical agents or chemicals to which employees covered by this Agreement are exposed and make recommendations where appropriate.

6. To review significant developments of mutual interest in the industrial health and safety fields and consider the applicability of such to facilities or areas covered by this Agreement.
7. To review significant changes in the Company's health and safety programs due to legal requirements or Company initiated revisions and make recommendations where appropriate.
8. To review and recommend changes in employee education and training programs related to health and safety.
9. To develop and implement a training program to be conducted annually during the term of this Agreement, consisting of three days (including one day for travel) each contract year, specifically designed for local Union Safety Committee Chairmen (or, in their absence, alternate Chairmen).
10. Whenever it is determined by Company monitoring or tests that employees have had exposure exceeding the permissible level

as set forth in 29 CFR 1910.1000 Air Contaminants, Code of Federal Regulations, such information shall be provided in writing to the Central Committee on Health and Safety.

11. The Company will provide to the Union Central Safety Committee a copy of each facility's report on OSHA Form #300 and the man-hours worked at each such facility during the period covered by such report.

ARTICLE 9

Vacation and Separation Pay

(9.1) Beginning January 2, 2012, each eligible employee covered by this Agreement shall be paid, in the manner provided herein, for vacation hours used during each "base period."

(9.2) Each employee having less than ten years of service with the Company at the end of the month, in which the "base period" terminated, shall be eligible for 120 vacation hours. Each employee having ten or more years of service with the Company at the end of the month in which the "base period" terminated, shall be eligible for 160 vacation hours.

Except in the event of a national emergency, those departments or plants in which summer shutdowns are contemplated will close the department or plant for up to two weeks for the purpose of giving employees their vacations. Such vacation period(s) will occur

during the period between June 15 and September 15 of each year. Management shall notify employees about the specific dates for their business unit not less than 60 days prior to the first day of a vacation period. In any event, such notification shall be made by May 15 of each year. In any national emergency, deviations from the above-stated intentions will be discussed in advance with the Union.

The Christmas “vacation period” for those departments or plants in which a shutdown may be contemplated will be the seven calendar days from Christmas Day (or the day observed as the Christmas Day holiday) of one year through New Year’s Day (or the day observed as the New Year’s Day holiday) the year following.

(9.3) All vacations shall be taken during “vacation periods” except for the following:

- a. Vacations of employees required for urgent work and vacations of employees in certain departments responsible for rendering service to customers and maintenance of plants and properties.
- b. The additional vacation hours of those employees eligible for more than 120 vacation hours.
- c. Vacations of employees required to perform Temporary Military Service (as defined in Section 15.4) during a “vacation period.”

Vacation time under the conditions of (a), (b), and (c), above and all other vacation hours if there are no vacation periods shall be taken during the “base period” at such times as will cause the least inconvenience in the departments in which these employees work and at times to be approved by the department Supervisor.

Employees whose services are required during “vacation periods” will not be asked to waive vacation entitlement, or any part thereof, in the scheduling of such work.

An employee will not be required to work a vacation period unless he has been so notified at least 30 calendar days prior to first day of the period he is required to work. (Not applicable at Denver, York, Morton or Memphis.)

(9.4) The “base period” during which an employee may take vacation hours is from the first Monday in the first full pay period in January, one year, through the Sunday prior to the first Monday in the first full pay period in January, the year succeeding. (January 2, 2012; January 14, 2013; January 13, 2014; January 12, 2015; January 11, 2016; January 9, 2017)

(9.5) The vacation payment shall be an amount in addition to the employee’s regular wages and shall be computed as a percentage of the total amount of such regular wages earned by the employee during the preceding payroll year less required deduction. The percentage to be used in computing an employee’s vacation payment shall be as set forth in the schedule below:

- a. For an employee having less than 10 years of service with the Company at the end of the month in which the “base period” terminates, the applicable percentage shall be six percent.
- b. For an employee having 10 or more years of service with the Company at the end of the month in which the “base period” terminates, the applicable percentage shall be eight percent.

Pay for vacation time shall be deducted from the employee’s vacation payment as vacation time is taken and shall be made at the employee’s then current straight-time hourly rate for each authorized vacation hour until the vacation payment is exhausted. Vacation pay shall be included with the employee’s regular pay for the pay period in which the vacation time was taken. Payment for any remaining portion of the employee’s vacation payment will be made to the employee following the end of the base period and no later than February 15.

(9.6) If an employee is separated from the payroll during the “base period,” such employee will be paid for any remaining vacation payment as a separation payment.

(9.7) Separation payments will be made at the time the employee is paid his last paychecks, whenever that is possible, but in any event not later than two weeks after the date of separation.

(9.8) As used in this Article 9, "service" for employees hired prior to December 11, 1970, is the measurement of all periods of full-time employment with the Company, its predecessors and subsidiaries. It includes all periods of authorized leaves as provided hereafter in Article 14 and periods of layoff since his last date of hire. For employees hired on or subsequent to December 11, 1970, "service" is the measurement of all periods of full-time employment with the Company since his last date of hire including all periods of authorized leaves as provided hereafter in Article 14 and all periods of layoff.

ARTICLE 10

Group Seniority

(10.1) Within each of the bargaining units represented by Locals Nos. 145, 751, 974, and 2096 as set forth in Section 2.1 of this Agreement, there shall be skilled trades groups (hereinafter referred to individually as "group") as set forth in each Exhibit B to the Local Agreements for such bargaining units.

Group seniority shall be measured and applied in accordance with applicable provisions of such Local Agreements.

(10.2) Article 12 and Article 13, except to the extent provided for in a Local Agreement described in Section 10.1, shall not be applicable to an employee covered by this Article 10.

ARTICLE 11

Seniority

(11.1) Employees shall be regarded as probationary during the first ninety days of work by such employee. No claim of wrongful layoff or discharge of a probationary employee shall be taken up as a grievance, unless such claim is based on alleged personal prejudice or Union activity during such ninety days worked. Such grievances must be in writing and supported by written evidence. The foregoing provision shall not prohibit a probationary employee from filing a grievance alleging a violation of other contractual provisions applicable to such employee.

If a probationary employee is retained beyond the ninetieth day worked, his seniority shall revert back to his last date of hire.

However, an employee who is separated or is on layoff from one business unit covered under this Agreement and hires into another business unit covered under this Agreement shall not be required to serve a probationary period at the new location, provided he has served a full probationary period in any other business unit covered under this Agreement and further provided he applies for work at that new location not later than 60 calendar days following his last day worked at his prior location.

(11.2) Seniority in one of the business units specifically set forth in Section 2.1 of this Agreement shall be measured from an employee's last date of hire into

the bargaining unit or the unit which currently constitutes such bargaining unit.

If an employee who has never worked in a bargaining unit as described above transfers into any such bargaining unit, either at his request or the Company's request, his "date of hire" will be considered the date of such transfer. Seniority with respect to any one such bargaining unit is broken for the following reasons only:

1. If the employee quits.
2. If the employee is discharged and not reinstated.
3. If the employee refuses, while laid off, to accept a recall to work (issued by the Company), or fails to report for work in accordance with such recall within ten calendar days after the mailing by certified letter mailed to the employee's last known address. The Company will grant an extension to the ten-day period if, prior to the expiration of the ten-day period, satisfactory reason is given for the employee's inability to immediately report for work.
4. If an employee has been laid off for a period greater than his accumulated seniority at time of layoff or three years, whichever is less.

5. If an employee fails, unless satisfactory reason is given, to report for work by his fourth scheduled workday following a temporary layoff under the provisions of Section 13.6 of this Agreement or any other layoff where the return to work date has been announced prior to the beginning of such layoff and such employee has received written notice of such date.

6. If an employee (other than a laid off employee whose seniority has not been broken under the foregoing provisions of this Section 11.2) accepts employment at a location that is not within the geographical limits of the bargaining unit in which he possesses seniority.

The seniority of an employee in a bargaining unit shall be applied as provided in the Local Agreement covering that bargaining unit.

(11.3) An employee who has been or is transferred from a job in a bargaining unit to a job outside of that bargaining unit prior to June 1, 1983, shall continue to accumulate seniority during the period prior to June 1, 1983, provided he remains in a job with the Company outside of that bargaining unit but within the geographical limits of that bargaining unit.

An employee who is transferred from a job in a bargaining unit to a job outside of the bargaining unit

on or after June 1, 1983, shall not accumulate seniority during the period on or after June 1, 1983, provided he remains in a job with the Company outside of that bargaining unit but within the geographical limits of that bargaining unit.

In either event, upon an offer by the Company to him of the opportunity to return to that bargaining unit, he may exercise the seniority he accumulated prior to June 1, 1983, plus any additional seniority he acquired while working on a job in the bargaining unit subsequent to June 1, 1983, in accordance with the applicable provisions of this Agreement and the applicable Local Agreement.

(11.4) If an employee is laid off from a business unit, the employee's seniority shall accumulate during the layoff subject to the provisions of Section 11.2 of this Agreement.

(11.5) Quarterly seniority lists covering employees in a business unit (active or on leave of absence) shall be provided by the Company to the Local Union representing that business unit. These lists, by IO, NIO or skilled trades groups will give each employee's name, factory number, department number, shift, rate of pay, and seniority date or group seniority date, whichever is applicable, and appropriate job classification code numbers if used. A quarterly list covering supplemental employees in a business unit shall also be provided by the Company to the Local Union representing that business unit. This list will give each employee's name, factory number, department number, shift, rate

of pay, and appropriate job classification code numbers if used. Upon the request of the Grievance Committee Chairman, the Company will provide a list of nontraditional assignments. Such requests shall not be made more than once per month.

(11.6) By written mutual agreement of the parties, the seniority rules herein set forth may be waived in order to provide employment for the disabled.

(11.7) When an employee enters a department, the Supervisor, upon request of the Steward, will, within one working day after the request, provide the employee's seniority date, and job classification.

ARTICLE 12

Job Openings

(12.1) When an opening occurs, the Company may elect to fill it by job posting, reassignment, or new hire, subject to the succeeding provisions of this Article.

(12.2) In the event the Company elects to fill a job opening by job posting, employees who file or have filed a written application on a form provided by the Company (hereinafter referred to as a Bid) for such opening will be considered in accordance with the provisions of Sections 12.3 through 12.11. Notwithstanding the foregoing, the job posting procedure will not be used for job openings in Labor Grade 1, by an employee who is being retained at work by virtue of preferential seniority, or by an employee who is scheduled for layoff and is being retained at work under Section 13.5 (f).

(12.3) A notice (designated as “Notice of Job Opening”) of the existence of such openings will be posted on bulletin boards reserved for that purpose in the facility in which the opening exists and will be posted for a period of not less than 48 hours during regularly scheduled days of work (excluding holidays). At facilities where there are schedules that include Saturday or Sunday as a regularly scheduled day of work, the posting period will be from noon on Thursday of one week until noon on Monday of the following week. The Notice of Job Opening will:

- a. identify the job classification, labor grade, shift, department number, and seniority unit of the opening, and
- b. indicate the effective time and date the posting period begins and ends.

(12.4) Except as provided in Sections 12.5, 12.6 and 12.7 below, an employee actively at work within the business unit in which the opening exists will be eligible to file a Bid for such opening provided:

- a. the opening is in a higher Labor Grade than the one in which the employee is currently assigned; or
- b. the opening is in the classification in which the employee is currently assigned, but is on a different shift and the employee has not moved in accordance with the provisions

of this Section 12.4(b) for a period of at least twelve months; or

- c. the opening is in a different classification in a Labor Grade equal to or lower than the one in which the employee is currently assigned and the employee has not been moved in accordance with the provisions of this Section 12.4(c) for a period of at least eighteen months; or
- d. the opening is in the same classification and on the same shift to which the employee is currently assigned, but is on a different schedule and the employee has not moved in accordance with the provisions of this Section 12.4(d) for a period of at least twenty-four months.

(12.5) Except for openings in the same seniority unit and either in a higher Labor Grade or in the same classification but on a different shift, an employee will be ineligible to move in accordance with the job posting procedure for a period of 12 months after:

- (i) bidding to a different seniority unit; or
- (ii) bidding to a job in Labor Grade 4 and above.

(12.6) Except for openings in the same seniority unit and either in a higher Labor Grade or on the same job but on a different shift, an employee will be

ineligible to move in accordance with the job posting procedure for a period of 18 months after:

- (i) recall; or
- (ii) new hire.

Notwithstanding this Section 12.6, an employee recalled or hired into an opening in an IO will be afforded one opportunity to move in accordance with the job posting procedure to an opening in a higher Labor Grade in any NIO during such eighteen-month period.

Notwithstanding the Section 12.6, an employee recalled into an opening in an NIO will be afforded one opportunity to move in accordance with the job posting procedure to an opening in an equal or higher Labor Grade to a different NIO during such eighteen-month period.

(12.7) An employee who is demoted for lack of skill and ability or who is medically placed as a result of temporary medical restrictions will be considered, for the purpose of bidding eligibility, to have been placed under the appropriate provisions of the job posting procedure and will be subject to the bidding restrictions contained in the appropriate Sections 12.4(b), 12.4(c), 12.4(d), 12.5 and/or 12.6 above.

(12.8) All bid restrictions contained in Sections 12.4(b), 12.4(c), 12.4(d), 12.5, 12.6 and 12.7 shall be waived if an employee is moved to a different classification as the result of a reduction in force subsequent

to the action which caused the restriction. The bid restriction contained in Section 12.4(b) shall also be waived if an employee is moved to a different shift as a result of a reduction in force subsequent to the action, which caused the restriction.

(12.9) The ratio of openings posted under the provisions of Section 12.2 above to openings filled by recall or new hire at Labor Grade 2 and above shall be at least 1:2 during any calendar year within a business unit.

(12.10) An employee eligible to file a Bid as provided in Section 12.4 above may do so by completing a Bid form for each desired opening, not to exceed five on file and active at any one time, and submitting it in a manner to be prescribed within each facility. A Bid will be rejected if it:

- a. is submitted after the expiration time and date of the posting period; or
- b. exceeds the limitation of five being filed or on file at any one time; or
- c. does not adequately identify the employee and the job for which the employee is bidding; or
- d. is not in accordance with the restrictions contained in Sections 12.4(b), 12.4(c), 12.4(d), 12.5, 12.6 and/or 12.7.

A properly submitted Bid shall remain active until the Company selects an employee for such posted opening, until the filling of the opening by job posting is otherwise canceled, or until the employee notifies the Company that the Bid is to be withdrawn. Any withdrawal of a Bid must be accomplished during the posting period.

(12.11)

- a. When an opening within a facility is to be filled using the job posting procedure, the Company will consider all Bids properly submitted during the posting period. Job openings will be filled in the order that the openings appear on the Notice of Job Opening.

- b. Employees filing such properly submitted Bids for jobs in Labor Grade 2 will be considered on the basis of their seniority. Employees filing such properly submitted Bids for jobs in Labor Grade 3 and above will be considered on the basis of their job qualifications and seniority. When job qualifications are approximately equal, then the employee with the greatest seniority shall be selected and assigned to fill such opening. Once selected, the name and identification number of the successful bidder will be posted on bulletin boards identified in Section 12.3. As used in this Section 12.11(b), an employee's job quali-

fications will not include experience gained from temporary assignments to higher rated jobs. However, an employee who has completed a Joint Training program or a Company-approved educational program for a specified area will be considered at least equally qualified with employees who have worked in that area.

- c. An employee who has an active Bid for any opening and who is selected to fill such opening in accordance with the foregoing provisions of this Section 12.11 will be required to accept such assignment.
- d. If, for real and practical considerations, the Company decides not to fill a posted opening using the job posting procedure, a Notice of Job Opening may be canceled by indicating the reason for the cancellation on the Notice of Job Opening.
- e. Successful bidders must meet any basic qualifications, which have been established for that particular job. Such basic qualifications will be consistent with past practice and could include the ability to read, write, speak English, type, perform basic mathematics or other criteria, which are reasonably related to certain classifications and/or certain jobs. It is understood that for job openings in Labor Grade 4 and above, basic qualifications will be of a significantly

higher standard and may include specific formal training, graduation from an appropriate apprenticeship program and/or extensive experience in the same or related field.

- f. Successful bidders must meet any reasonable physical requirements, which are necessary in order to perform that particular job.
- g. If, for any posted job opening, no Bids are received from successful bidders within the posting period, the senior employee on layoff from that business unit (if such there be) who possesses the basic qualifications and physical requirements will be recalled to the opening. If there are no employees on layoff who possess the basic qualifications and physical requirements, the Company may elect to fill the opening by other means such as reassignment, new hire, reduction in force, apprentice placement, etc.
- h. An employee on layoff who refuses recall in accordance with paragraph (g) above shall be separated as a quit.
- i. Successful bidders will be moved as soon as business conditions allow. If an employee is not moved after 90 days, the employee may bring the situation to the attention of the second-level supervisor who will investigate the reason(s) for the delay. If the employee is dissatisfied with the

second-level supervisor's explanation, the employee's Committeeman will be permitted to discuss the situation with the Human Relations Manager.

(12.12) In the event the Company elects to fill a job opening by reassignment, the reassignment shall be based on real and practical considerations, without discrimination; if the reassignment is not based on such reasons, then it shall be made on the basis of seniority.

As used in this Section 12.12, "reassignment" means the assignment of an employee (1) to a job opening in the same classification on the same shift within the same business unit but under a different supervisor, or (2) to a job opening on the same shift but to a different classification within the same Labor Grade.

(12.13) An employee will not be hired into a job in Labor Grade 1 or 2 in any of the business units identified in Section 2.1 if there are employees on layoff from that business unit who possess the basic qualifications and physical requirements, which exist for that job. It is understood that employees recalled under the above sentence may receive training, not to exceed five or ten days, as appropriate. An employee will not be hired into a job in Labor Grade 3 or higher in any of the business units identified in Section 2.1 if there are employees on layoff from that business unit who have previously held the job in question.

An opening will not be filled by recall or new hire if there is an employee with greater seniority currently

working on the same job but on a different shift and whose Prefiled Shift Preference form indicates the shift of first preference is the same as the shift of the opening. Instead, the opening shall be filled by placing the senior employee already on the same job on a different shift, with such Prefiled Shift Preference form on record for at least forty calendar days, into the opening. No more than two shift changes shall be made under this paragraph for each original opening.

(12.14) Each week the Company will follow established local procedure in providing the Union with a list, in writing, of employees moved to fill openings through job posting, reassignment, and/or new hire during the preceding week. Such list shall include the seniority and/or group seniority date and identification number of each such employee as well as the job classification, labor grade, shift, department number, and seniority unit of the job to which such employee is moved.

(12.15) Preferential Hire

A. An employee

- (i) who has been on a scheduled layoff (as defined below) from one of the bargaining units covered by this Agreement for a continuous period of at least six months, and
- (ii) who possessed two or more years of seniority and/or group seniority (if

applicable) in such bargaining unit at the beginning of such layoff under (i) above

may file an application for employment in any other bargaining unit covered by this Agreement and will (subject to the succeeding provisions of this Section 12.15) be granted a preferential hiring right to a job opening in such other bargaining unit provided such employee possesses the necessary qualifications for employment in such other bargaining unit and further provided that another applicant for employment in such other bargaining unit does not possess measurably better qualifications for a specific job opening than such laid-off employee.

- B. An application for employment submitted by any such laid-off employee must be filed, either in person or by mail, with the employment office at the location where the laid-off employee is seeking employment and such application shall be retained in the active file until the earlier of (1) the date a recall to work is mailed to such employee; (2) the date such employee's seniority is broken in the bargaining unit from which such employee was laid off; or (3) two years from the date the application was filed.

- C. Any such employee who accepts an offer of employment under the provisions of this Section 12.15 will not be required to serve a probationary period under Section 11.1 of this Agreement and shall be deemed to have voluntarily quit from employment in the previous bargaining unit on the day prior to the date on which such employee begins employment in the new bargaining unit. Such employee shall also be deemed to have met the employment and/or seniority eligibility requirements for Sections 15.1, 15.2, 15.3, and 15.4.

- D. For purposes of this Section 12.15, a scheduled layoff is a layoff, which results from a reduction of schedules to reduce or avoid an increase in inventory of finished products because of sales prospects.

(12.16) For the purposes of this Article 12, "business unit" or "facility" shall be as defined in Section 4.7.

ARTICLE 13

Reductions in Force and Layoff

(13.1) In the application of the seniority provisions of this Article, a layoff shall be considered an interruption of employment caused by a reduction in force due to a reduction in regular operating schedules, but shall not include temporary layoffs which are due to material shortage, equipment failure, power failure,

plant rearrangement or retooling, labor dispute, or other circumstances which cause a temporary cessation or reduction in operations.

(13.2) In the event a temporary layoff due to material shortage, equipment failure, power failure, plant rearrangement, retooling, labor dispute, or other circumstances, exceeds ten working days, the Company will meet with the Union to consider the feasibility of applying the regular seniority provisions.

(13.3) Employees who are scheduled to be laid off because of a reduction in the force will be given advance notice of not less than five days counting the scheduled day of layoff. (Employees who are scheduled to be laid off on Friday will be given notice of such layoff no later than Monday of the same week.) The Union shall be given a list of employees scheduled to be laid off during the above referred to five-day period after employees have been notified. The Union will also be given a list of employees who are recalled to work.

(13.4) A laid-off employee is one who possesses seniority in a business unit, but who, in connection with a reduction in force, has not been entitled to be placed or retained on any job in that business unit and who as a result is not working on a job in that business unit.

“Seniority unit” is either an Interchangeable Occupational Group (IO), a Non-Interchangeable Occupational Group (NIO), or a skilled trades group.

(13.5) In the event of reduction in force or layoff, employees will be placed or laid off in accordance with the following principles:

- a. Within each of the business units identified in Section 4.7, there shall be Non-Interchangeable Occupational Groups (NIO's) and an Interchangeable Occupational Group (IO). The number and definition of NIO's shall be as set forth in each respective local agreement. The IO shall contain, except by mutual agreement, all job classifications within Labor Grades 1 and 2. Within each business unit, there may also be one or more mutually agreed Specialized Classifications (SC) and/or Specialized Jobs (SJ).
- b. Within an NIO, if it becomes necessary to reduce the number of employees within a classification, the least senior employee(s) within the classification will, seniority permitting, displace the least senior employee(s) within the NIO on the same or lower labor grades. If several employees are to be simultaneously placed, the Company may displace the least senior employees in a manner, which takes maximum advantage of employees' previous experience and ability.
- c. Within an NIO, if it becomes necessary to reduce the number of employees with-

in a classification and the least senior employee(s) cannot be placed under paragraph (b) above, the least senior employee(s) within the classification shall, seniority permitting, displace the least senior employee(s) within the NIO on any job which the employee has successfully held. If several employees are to be simultaneously placed, the Company may place the least senior employees in a manner which takes maximum advantage of employees' previous experience and ability.

- d. Employees who are displaced from an NIO because of lack of seniority shall, seniority permitting, displace the least senior employee in any NIO in the same business unit on any job which the employee has successfully held or for which the employee has completed a Joint Training program or Company-approved educational program. Employees displaced in accordance with this paragraph (d) will be placed in accordance with the provisions of this Section 13.5. If several employees are to be simultaneously placed, the Company may displace the least senior employees in a manner which takes maximum advantage of employees' previous experience and ability.
- e. Employees who are displaced from an NIO because of lack of seniority shall, seniority

permitting, displace the least senior employee(s) within the IO. If several employees are to be simultaneously placed, the Company may displace the least senior employees in a manner, which takes maximum advantage of employees' previous experience and ability.

- f. Within the IO, if it becomes necessary to reduce the number of employees within a classification, the least senior employees within the classification will, seniority permitting, displace the least senior employee(s) within the IO. If several employees are to be simultaneously placed, the Company may displace the least senior employees in a manner which takes maximum advantage of employees' previous experience and ability. The least senior employee(s) within the IO will be scheduled for layoff. Movement under this Section 13.5 may be metered in order to minimize disruption and provide for the continued efficient operation of the facility; however, employees will be placed within 75 calendar days of their scheduled date of layoff. This period may be extended by mutual agreement of the Local Union and business unit management.
- g. Notwithstanding paragraphs (b), (c), (d), (e), and (f) above, employees within an SC may only be displaced by other employees

within the same SC. Notwithstanding paragraphs (b), (c), (e), and (f) above, employees within an SJ may only be displaced by other employees within the same SJ or by other employees within the same NIO who have previously performed the job in question.

- h. An employee scheduled for reduction in force or layoff may, at the Company's discretion, be retained for the purpose of and for the period of replacement training.
- i. In the case of all placements under paragraphs (b), (e), or (f) above, employees must possess all basic qualifications and abilities necessary to perform the job within a reasonable period. For the purposes of this Article 13, the reasonable period during which an employee will be expected to become a productive and independent performer will be as follows:

For placement into a job in Labor Grade:	The maximum period will be:
4 and above	15 work days
2 and 3	10 work days
1	5 work days

Employees must also possess the necessary physical ability to perform the job. If an employee does not possess all the basic

qualifications and abilities and/or does not possess the physical ability, the Company shall proceed to the next step in the reductions in force and layoff procedure. For certain jobs, the above time periods may be extended by mutual agreement between the Local Union and Business Unit Management.

As used in this Section 13.5, "basic qualifications" are as discussed in Section 12.11(e).

- j. For the purposes of this Article 13, the business units shall be defined as in Section 4.7.
- k. Employees may make written application indicating their preferred shifts (in order of preference) on a form provided by the Company and submitted in a manner to be prescribed within each business unit. In order to be effective, such form must be filed at least forty calendar days prior to the effective date of a reduction in force or layoff. Once filed, a form will remain effective until withdrawn or modified by the employee.

If an employee elects to file such a form, it will be used after the determination is made as to which classification the employee is to be assigned in accordance with the preceding provisions of this Section 13.5. The

employee shall be placed, seniority permitting, on their shift of highest preference.

If an employee does not file such a form, the employee will have no shift preference rights.

1. Notwithstanding the foregoing provisions of this Article 13, because they work at training stations established for that purpose, employees in the Training Department may not be displaced by the previous provisions of this Section 13.5.

(13.6) In the event a temporary reduction within a plant or facility (as defined in Section 4.7) is scheduled, employees may be placed on temporary layoff without regard to Section 13.5 provided no employee shall be placed on such temporary layoff in excess of 14 weeks in any year (the first Monday in April of one year to the first Monday of April the following year). Up to 10 days of these 14 weeks for any individual employee may be used in increments of less than a full week.

For a temporary layoff of less than one week under the provisions of this Section 13.6, employees shall be paid, in addition to pay for hours worked during such workweek, an amount equal to \$50 for each work day on temporary layoff during such workweek minus required deductions

For purposes of this Agreement a week (or calendar week) is defined as a period of seven consecutive days beginning on Monday.

(13.7) For the purposes of administering this Article 13, the seniority provisions of the appropriate Local Agreement shall apply with respect to the seniority status accorded Union Representatives.

(13.8) Each employee who has more than three years of seniority and/or group seniority at the time of being placed on layoff shall be eligible for a layoff payment as hereinafter provided. An eligible employee shall be entitled to a layoff payment of \$100 minus required deductions for each full week such employee is placed on layoff or temporary layoff. Such payment(s) shall be made in the pay period immediately following the week(s) that the employee was on layoff or temporary layoff. An eligible employee shall be entitled to layoff payments under the provisions of this Section 13.8 for a maximum of 52 weeks during the life of this Agreement.

ARTICLE 14

Leaves of Absence

(14.1) Leaves of absence shall be granted automatically to employees who, because of physical or mental disability, are unable to work and who provide the Company with proper notice and evidence of such disability.

If the leave of absence is not approved, or, if approved, is later canceled by the Company, the employee shall be so notified in writing with a copy of such notice given to the Union.

Any dispute arising from this action shall be presented, in writing, directly to the Final Step of the appropriate local grievance procedure and, if applicable, the provisions of Section 5.7 shall be utilized. It is understood that an employee will not be discharged while any such above-described dispute is being processed provided the employee and the Union, within 5 regularly scheduled workdays of receipt of such notice, process such dispute and cooperate in utilizing such procedure.

Notwithstanding the foregoing provisions of this Section 14.1, a disability leave of absence shall be in effect only for the period of the physical or mental disability and in any event the leave shall automatically expire upon completion of a leave period of two years, provided that any successive period of physical or mental disability not separated by a period of active full-time work of not less than 45 calendar days shall be considered a continuation of the previous period of disability.

Not later than 10 days prior to such automatic expiration, the Company will send a registered letter to the employee's last known address as shown on the Company records reminding him of the fact that his seniority is subject to being broken if he fails to return to work upon expiration of his leave of absence.

(14.2) In accordance with the applicable provisions of Local Agreements, the Company will promptly return to work an employee who is able to return from a leave of absence.

(14.3) Employees who fail to return to work upon expiration of a leave of absence shall be separated from the employment of the Company, unless satisfactory reason is given.

(14.4) Except as otherwise herein provided, the granting of other leaves of absence by the Company shall depend (1) upon the reason for the requested leave of absence and (2) upon the need for the employee's uninterrupted services.

(14.5) When a leave of absence is granted by the Company, it shall be verified, in writing, upon request of the employee.

All leaves of absence shall be without pay, except as expressly provided elsewhere in this Agreement, and seniority shall accumulate during such leaves.

An employee who accepts employment elsewhere during a leave of absence, without the consent of the Company, shall be deemed to have voluntarily quit.

An employee on disability leave will be advised by the Company of the Company's position regarding employment elsewhere while on such leave. An employee on such leave must advise the Company of any employment elsewhere and he will receive approval

for the employment if it is not inconsistent with needed medical treatment.

Every quarter during the term of this Agreement, the Company shall provide to the Financial Secretary of each Local Union the names of all employees who either began leaves of absence or returned from leaves of absence during the previous quarter. This list will include the dates such leaves began or ended.

(14.6) Any employee who, in time of war or national emergency, is drafted or volunteers into the armed forces of the United States shall be granted a leave of absence, and will be accorded reinstatement rights, as provided by law then in force. Such employee shall also, when date of entry into the armed forces has been determined and established, be entitled to a leave of absence not to exceed the three weeks immediately prior to such entry.

(14.7) Any employee who volunteers and is accepted for service in the Peace Corps shall, upon proper notice to the Company, be granted a leave of absence for a tour of such Peace Corps service. Upon his return from Peace Corps service, he shall be granted the same reinstatement rights as are provided by law then in force in respect to service in the armed forces of the United States.

(14.8) An employee who becomes pregnant will, upon request, be granted a personal leave of absence of reasonable duration under Section 14.4 immediately preceding or following the period of disability asso-

ciated with the pregnancy or birth if the employee's personal physician, after consultation with the Company's physician, recommends such additional leave as being beneficial for the health or well-being of such employee.

(14.9) Any employee who is elected or appointed to a position with the Union or who is elected or appointed to a temporary national governmental position, or who is elected to a State office, or who is appointed to a temporary position in the Department of Labor or Industrial Commission of his State or the Department of Labor of the United States, shall, upon written request, be granted a leave of absence for the period of such service, provided that no more than the number specified in the appropriate Local Agreement shall be on such leave of absence at any one time.

An employee

- (i) who is elected to a public office in a town, municipality, township, county or comparable governmental body;
- (ii) who must occasionally take time off from work in order to perform the necessary functions of such office; and
- (iii) who obtains prior approval from the Company to be absent from work; shall be deemed to be on a

leave of absence for any such full day of absence for such purpose.

(14.10) The Company will grant time off, without pay, to employees for the purpose of attending Union meetings, provided (1) the Company is given advance notice who the employees will be and the date and hour the time off will be taken, such advance notice to be given by the Union not later than noon on the work-day preceding such time off, and further provided (2) that not more than the number of employees specified in the appropriate Local Agreement will be granted such time off during any one day. However, in cases of emergency and for the purpose of conducting Union elections, time off shall be granted employees upon request of the Union. Time off will also be granted for the purpose of meeting with Company representatives.

Temporary leaves of absence will be granted upon request of the Union for employees who are selected by the Union to attend state, national, or international Union conventions, regional or district Union Conferences.

Each day upon which an employee is granted time off under this Section 14.10 will be accumulated, by business unit, and totaled quarterly. Twenty such days will equal one month. For every such month (or prorated portion of a month) the Local Union will reimburse the Company an amount equal to the applicable full group rate then in effect under Section V of the Group Insurance Plan, plus the premiums for Short Term Disability coverage and Basic Life Insurance then in effect under the Group Insurance Plan for each employee who was granted time off under this Section 14.10.

(14.11) Employees returning from authorized leave or time off for Union business (other than long-term leave granted to employees elected or appointed to a full-time position with the Local or International Union) will not be required to undergo a return-to-work physical examination before resuming their work in the plant unless during periods of such absences such employees have been ill or injured.

(14.12) An employee with one or more years of Company service since the employee's last date of hire, and who has worked at least 1,250 hours over the 12-month period immediately prior to the date upon which a leave under the provisions of this Section 14.12 begins, may, with proper notice and application, request an unpaid family medical leave for (1) the birth and care of a newborn; (2) the placement of an adopted or foster care child with the employee; (3) the care of a seriously ill parent, child, or spouse; or (4) because the employee's own serious health condition makes the employee unable to perform the essential functions of the employee's job. The employee may take a maximum of 12 weeks of unpaid leave in a rolling 12-month period. A "rolling" 12-month period is measured backward from the date an employee uses any family medical leave. Each time an employee takes family medical leave, the remaining leave entitlement is any balance of the 12 weeks which has not been used during the immediately preceding 12 months. The terms and conditions of family medical leave vary dependent upon the reason for the leave.

For family medical leaves due to birth, adoption, or foster care placement, the following guidelines apply: (1) Entitlement for family medical leave expires 12 months after the qualifying event (birth date, adoption date, etc.); (2) Family medical leave may be taken in addition to any applicable disability leave under provisions of Section 14.1 of this Agreement; and (3) Family medical leave is to be taken in one continuous period of time. Intermittent or reduced schedule leave is not allowed.

For family medical leaves to care for a spouse, child, or parent with a serious health condition, or for the employee's own serious health condition (as defined by Family and Medical Leave Act and regulations thereunder), the following guidelines apply: (1) Family medical leave can be taken continuously or on an intermittent or reduced schedule basis; and (2) Family medical leave requires medical certification of need from a health care provider. When the need for intermittent or reduced schedule leave is foreseeable, the Company may temporarily transfer the employee for the duration of the leave to an alternative position that better accommodates the period of leave, if such transfer is otherwise permitted by this Agreement. This alternative position will have equivalent pay, benefits, and terms and conditions of employment (though not necessarily equivalent duties).

Once the period of leave ends, the employee will be returned to the employee's original, or an equivalent, position.

The employee has the responsibility of providing the Company at least 30 days notice of the need to take family medical leave when the circumstance is foreseeable. The Company retains the right to delay leave for 30 days from the point in time the employee provides proper notification. In situations where the need for family medical leave is unforeseeable, the employee must provide as much notice as is practicable.

A request for leave under the provisions of this Section 14.12 must be accompanied by supporting documentation, such as a physician's letter documenting the illness, birth certificate, adoption papers, etc. Company service and credited service continue to accrue if the employee returns to full-time employment upon expiration of the family medical leave. An employee on family medical leave is not eligible for equivalent time off at a later date, or extension of family medical leave time, for holidays that occur during the family medical leave.

ARTICLE 15

Salary Plan

(15.1) Paid Absence Allowance

- A. Each employee (except employees specified in Letters of Agreement Nos. 26 and 27) while actively employed in a bargaining unit covered by this Agreement (but not while on layoff) who possesses one or more years of seniority and/or group seniority (if applicable) in such bargaining unit on or

after the first Monday in the first full pay period of April but prior to the first Monday in the first full pay period of January the year following is an “eligible employee” for purposes of this Section during the twelve-month period starting on that first Monday in the first full pay period of April and ending on the last day of the last pay period prior to the first Monday in the first full pay period of April the year following, but ceases to be an “eligible employee” in the event and at the time of quit, death, or discharge.

- B. With respect to each such twelve-month period, the number of hours of paid absence allowance credit to which an eligible employee who possesses one or more years of seniority and/or group seniority (if applicable) at the beginning of that period shall be entitled is as follows:
 - a. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of April but prior to the first Monday in the first full pay period of July, the Paid Absence Allowance credit shall be 24 hours (April 11, 2011; April 9, 2012; April 8, 2013; April 7, 2014; April 6, 2015; April 4, 2016).

- b. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of July but prior to the first Monday in the first full pay period of October, the Paid Absence Allowance credit shall be 18 hours (July 4, 2011; July 2, 2012; July 1, 2013; July 14, 2014; July 13, 2015; July 11, 2016).

- c. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of October but prior to the first Monday in the first full pay period of January, the Paid Absence Allowance credit shall be 12 hours (October 10, 2011; October 8, 2012; October 7, 2013; October 6, 2014; October 5, 2015; October 3, 2016).

- d. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of January, the Paid Absence Allowance credit shall be 6 hours (January 2, 2012; January 14, 2013;

January 13, 2014; January 12, 2015;
January 11, 2016; January 9, 2017).

- C. With respect to each such twelve-month period, the number of hours of Paid Absence Allowance credit for an eligible employee who acquires one year of seniority and/or group seniority (if applicable) after the beginning of the period shall be determined by the first day during the period on which he works for the Company after his acquisition of one year of such seniority. If such first day is after the first Monday in the first full pay period of April and prior to the first Monday in the first full pay period in July, his Paid Absence Allowance credit shall be 18 hours. If such first day is on or after the first Monday in the first full pay period of July but prior to the first Monday in the first full pay period in October, his Paid Absence Allowance credit shall be 12 hours. If such first day is on or after the first Monday in the first full pay period of October but prior to the first Monday in the first full pay period in January, his Paid Absence Allowance credit shall be 6 hours.
- D. During each such twelve-month period an eligible employee will be paid for all hours of absence, as defined below, up to his Paid Absence Allowance credit at his then current straight-time hourly rate. As used in this Section 15.1, "hours of absence"

means hours during which an eligible employee is absent from work at his own volition, or because of accident, illness, extreme weather conditions or emergency, and during which he otherwise would have worked, but does not include any period of absence of less than two consecutive hours; any period of absence with respect to any one shift in excess of the regularly scheduled hours of that shift; any period of absence dealt with in Sections 15.2, 15.3, 15.4 and 15.5 of this Article 15; any period of absence on Union business; any period of absence caused, either directly or indirectly, by any strike, slowdown, work stoppage, picketing (whether or not by employees covered by this Agreement), or concerted action, at a Company facility covered by this Agreement, or any dispute of any kind involving employees covered by this Agreement, or members of other locals of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, who are employed by the Company; and any period of absence for which he is entitled to a payment or benefit under any other provision of this Agreement or under any provision of any other agreement (or benefit plan) between the parties hereto. Advance notice shall be given by an employee (whether or not an eligible employee) of any absence due to any of the reasons

specified in the definition of “hours of absence” (whether or not such absence counts as “hours of absence”) unless an emergency compels absence without reasonable opportunity to give such notice, in which event notice shall be given as soon as reasonably possible.

Any eligible employee who desires to schedule a full or partial day off and receive pay for such absence under the foregoing provisions of this Section 15.1(D) may do so by filing a written request, on a form supplied by the Company, with his Supervisor at least one day in advance of the requested day off.

- E. Any employee who is an eligible employee throughout the last full pay period of any such twelve-month period shall be paid as an additional vacation bonus (in addition to any other pay to which he may be entitled) for the number of hours, if any, by which his Paid Absence Allowance credit for that twelve-month period exceeds his number of hours of absence during that twelve-month period, such payment to be equal to the amount to which he would have been entitled under this Section 15.1 had he had hours of absence during that pay period equal in number to such excess. Any payments under this Section 15.1(E) shall be made to employees not later than June 15 of each year.

- F. Any eligible employee who, prior to the end of the last full pay period of any such twelve-month period, separates, quits, dies, retires, enters the armed forces (other than for temporary military duty), or is laid off from work because of a reduction in force, shall be paid (in addition to any other pay to which he may be entitled) for the number of hours, if any, by which his Paid Absence Allowance credit for that twelve-month period exceeds his number of hours of absence during that twelve-month period.
- G. An employee who receives a payment under either (E) or (F) above with respect to a twelve-month period shall be entitled to no further rights under this Section 15.1 with respect to that period.
- H. No payment shall be made under paragraphs (E) and (F) of this Section 15.1 unless at the time thereof there are in effect satisfactory governmental rulings that such payment need not be included in the "regular rate" for purposes of the Fair Labor Standards Act or any similar law.

(15.2) Holidays

Every full-time employee (except employees specified in Letter of Agreement No. 27) covered by this Agreement who has been in the employment of the Company more than 30 days shall receive holiday pay

for each of the holidays as referred to in Section 7.8 subject to the provisions below:

(A) The rate of pay:

- (1) When the holiday occurs on an employee's regularly scheduled workday, his pay for such holiday shall be equal to one full, regularly scheduled day's pay (i.e., 8, 10, 12, etc. hours, whichever is applicable) at the employee's then current regular straight-time rate. This amount of holiday pay shall be applicable even if an employee works such holiday.
- (2) When the holiday occurs on a day other than an employee's regularly scheduled workday, then his pay for such holiday shall be equal to eight (8) hours pay at the employee's then current regular straight-time rate. This amount of holiday pay shall be applicable even if an employee works such holiday.

(B) The qualifying day:

To qualify for holiday pay, under this provision, an employee must work either the regularly scheduled workday immediately before or immediately after the holiday in the week in which the holiday falls.

(C) To the above there shall be the following sole exceptions:

- (1) If on the day before or after the holiday the employee works only part of his scheduled shift, the employee will still be entitled to the holiday pay if late less than one hour, or if, in a written claim to the Company, the employee is able to show that his reporting to work late or leaving work early resulted from urgent circumstances beyond the control of the employee. For consideration, such written claim is to be in the possession of the Company within ten days after the occurrence of the holiday for which holiday pay is claimed.

- (2) If the employee is absent on a scheduled workday which is the sole qualifying day for holiday pay, he will still be entitled to the holiday pay if otherwise qualified, provided the employee, in a written claim to the Company, is able to show that the full day's absence resulted from urgent circumstances beyond his control (such as personal illness or injury, or death in the immediate family). For consideration, such written claim is to be in the possession of the Company within ten

days after the occurrence of the holiday for which holiday pay is claimed.

Employees who work on a specified holiday will receive the usual overtime premium in addition to the holiday pay. However, an employee who is scheduled to work a specified holiday, but who fails to work as scheduled, shall not receive holiday pay unless, in a written claim to the Company, the employee is able to show that his failure to work as scheduled resulted from urgent circumstances beyond his control.

The provisions of this Section 15.2 are intended to apply only to those employees actively working for the Company at the time of holiday observance, returning to work from layoff on the qualifying day immediately following a Monday holiday, or absent for the sole reason of being on vacation, and shall not apply, for example, to any employee who, having been on lay-off, (excepting those described above) or on leave of absence, has not returned to work prior to the holiday observance date; nor shall these provisions apply to any employee who, under a "Group Insurance Plan," enters or could have entered a claim for disability benefits which includes the holiday observance date as a day of disability, provided, however, if such holiday observance date, or either date in the case of consecutive days observed as holidays, occurs on an employee's first or last day of disability, such employee shall nonetheless receive holiday pay if such employee's first or last day of disability is recognized as a day of disability under said Group Insurance Plan (including

days for which benefits are paid or would have been paid except for this provision and days counted as a waiting period before commencement of Short Term Disability Benefits).

(15.3) Jury Duty and Witness Service

Any full-time employee (excluding employees covered by Letter of Agreement No. 27) who has more than 30 days of seniority and/or group seniority (if applicable) and who either

- (i) is summoned and reports for jury duty in a Court of Record or Grand Jury, or
- (ii) is required by applicable law to appear for examination by a jury commission prior to such jury service, or
- (iii) is subpoenaed and reports for witness service in a Court of Record or Grand Jury

will be reimbursed by the Company, for each day on which he would otherwise have been scheduled to work, in accordance with the succeeding provisions of this Section 15.3.

- a. If he is absent for his entire shift because of such jury duty or witness service, he will be paid the difference between his jury duty pay or witness fees received and his regular scheduled day's pay at his straight-time hourly rate.

- b. If he performs such jury duty, witness service, or examination by a jury commission and works on the same day, he will be paid the difference, if any, between his actual earnings for that day plus the jury pay or witness fee received and his regular scheduled day's pay at his straight-time hourly rate.
- c. Reimbursement under (iii) above will not be payable if the witness service is related to a matter in behalf of or as a result of his association with another employer or association.

Reimbursement to any employee under this Section 15.3 shall be payable only if the employee gives the Company prior notice of his summons or subpoena for jury duty, jury commission examination or witness service, and presents satisfactory evidence that jury duty, examination by a jury commission or witness service was performed on the day or days for which such reimbursement is claimed, and returns to work promptly on any day on which his jury duty, examination by a jury commission or witness service totals less than four hours and does not prevent him from completing on that day at least two hours of his regular shift, provided that any employee who serves on a jury and works on the same day will not be required to work more than four hours of his regular shift and further provided, with respect to an eligible employee who is assigned to the third shift, that only in the case of jury duty or witness service performed, the neces-

sity for returning to or reporting for work as set forth above shall not be applicable either to the regular shift preceding, if any, or the regular shift following; if any, the day on which such summons or subpoena ordered him to report and he did report, but such exemption shall not include both days.

Within the Commonwealth of Pennsylvania only, the Magistrate Court shall be deemed to be a "Court of Record".

(15.4) Temporary Military Service

Each employee (excluding employees covered in Letter of Agreement No. 27) while actively employed in a bargaining unit covered by this Agreement (but not while on layoff) who is absent because of required performance by him of

- a. temporary active duty for training as a Reservist or National Guardsman (not to exceed in any fiscal year – October 1 of one year to October 1 of the year following either 14 consecutive calendar days or two (2) regularly scheduled workweeks, if such training is not performed on consecutive calendar days), or
- b. temporary emergency duty as a National Guardsman

will be reimbursed for each day of such absence on which he (i) possesses one or more years of seniority in such bargaining unit and (ii) would otherwise have

been scheduled to work on a regularly scheduled day of work up to a maximum of thirty days during any one fiscal year, in accordance with the succeeding provisions of this Section 15.4.

If he is absent for his entire shift because of such duty, he will be paid the difference between his gross military pay (including longevity pay and extra risk bonuses but excluding quarters, subsistence, travel or similar allowances) and his daily straight-time pay for his regular shift. If he performs such duty and works on the same day, he will be paid the difference, if any, between his actual earnings for that day plus the military pay received and his daily straight-time pay.

Reimbursement to an employee under this Section 15.4 shall be payable only if the employee gives the Company prior notice of his call to such duty, and submits to his Supervisor a "Military Pay Statement" form furnished by the Company, fully completed by the employee and his Commanding Officer (or other commissioned officer authorized to approve military pay vouchers) and when released or excused from such duty returns to work promptly.

(15.5) Bereavement

When death of an employee's brother, brother of a current spouse, sister, sister of a current spouse, spouse, parent, parent of a current spouse (including stepparent and adoption parent), child, adopted child, stepchild, grandchild, stepfather, stepmother, adoption father, adoption mother, occurs, the employee (except

employees specified in Letter of Agreement No. 27), on request, will be excused for up to twenty-four (24) consecutive normal scheduled hours of work (or for such fewer hours as the employee may be absent) during the five days (excluding (a) Saturdays and Sundays or in the case of seven-day operations, the sixth and seventh days of the employee's scheduled work week, and (b) holidays specified in Section 7.8) beginning with the date of death provided he attends the funeral. The employee shall receive pay for each scheduled hour of work for which he is so excused (excluding (a) Saturdays and Sundays or in the case of seven-day operations, the sixth and seventh days of the employee's scheduled work week and (b) holidays specified in Section 7.8), provided he attends the funeral. Payment shall be made at the employee's straight-time hourly rate on the last day worked.

When death of an employee's grandparent, half brother, half sister, stepbrother, stepsister, or current spouse of a child (including adopted child and stepchild) occurs, an employee (except employees specified in Letter of Agreement No. 27), on request, will be excused for any normal scheduled hours of work (or for such fewer hours as the employee may be absent) during the day of the funeral provided he attends the funeral. The employee shall receive up to eight hours pay for scheduled hours of work for which he is excused on the day of the funeral provided he attends the funeral. Payment shall be made at the employee's straight-time hourly rate on the last day worked.

In the event a member of the employee's immediate family as above defined dies, the employee may, should the funeral be delayed, have his excused absence from work as above provided delayed to include the date of the funeral.

In the event the body of a member of the employee's immediate family as above defined has been physically destroyed or the body is donated to an accredited North American hospital or medical center for research purposes, the requirement that the employee attend the funeral may be satisfied by attendance at a memorial service.

(15.6) General

- A. For purposes of this Article 15:
 - a. "Basic Hourly Rate of Pay" shall have the same meaning as in Section 18.1 of this Agreement.
 - b. In determining an employee's seniority and/or group seniority, the same period of service shall not be counted twice.
 - c. Except as expressly provided elsewhere in this Agreement, the effective date of this Agreement is March 7, 2011.

- B. Amounts payable to, or for the account of, an employee pursuant to the provisions of Sections 15.1, 15.2, 15.3, 15.4, and 15.5 shall be included and taken into account in determining the amount of an employee's regular wages for the purpose of computing vacation or separation payments under Article 9 of this Agreement.

- C. All amounts payable under this Agreement by the Company to an employee for a pay period shall be combined into a single paycheck, subject to any required withholdings and employee authorized deductions.

- D. In applying the provisions of this Article 15 payments or contributions made by the Company pursuant to any Pension Plan or Group Insurance Plan be disregarded and shall not be taken into account for any purpose except to the extent otherwise expressly provided in this Article 15.

ARTICLE 16

General

(16.1) It is the intention of the Company that non-bargaining unit employees of the Company devote themselves primarily to their own work and not perform the work normally assigned to bargaining unit employees except as such work may be performed incidental to their responsibilities and to such extent

that the work being performed by a nonbargaining unit employee does not result in the displacement or elimination of the ongoing need for an employee covered by this Agreement.

Notwithstanding the above, the Company and Union have agreed that there are mutual advantages to having employees covered by this Agreement be permitted to be assigned to certain functions which they traditionally have not performed or have not exclusively performed.

Examples of these functions are:

- a. programming and maintenance of computers and robots;
- b. identifying training needs, developing training materials and conducting training;
- c. leading or participating in project teams where subjects studied may cover a wide range of functional areas;
- d. special assignments given to employees to accommodate temporary medical restrictions; and
- e. evaluating, testing and/or analyzing experimental, prove design and/or production parts, assemblies, prime products, etc. in order to develop or prove engineering theory and design.

- f. special assignments and nontraditional work given to employees assigned to the CJSP Pool in order to accommodate provisions of Letter of Agreement No. 23.

However, these functions are not exclusively and will not exclusively be the work of employees covered by this Agreement.

(16.2) The Company and the Union shall not, in discharging their respective responsibilities under this contract, be discriminatory of any employees because of nationality, race, sex, political or religious affiliation, or membership in any labor or other lawful organization. Nor will the Company or Union discriminate against qualified individuals with disabilities as described in the Americans with Disabilities Act of 1990.

Further, the Company and the Union will comply with the applicable provisions of the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973 as amended, Americans with Disabilities Act of 1990, and the Vietnam Era Veteran's Readjustment Assistance Act of 1974 as amended.

(16.3) Should any portion of this contract become invalid or unenforceable by reason of any applicable Federal or State Law or Presidential Executive Order, the remainder of the contract shall be unaffected thereby. When any such law or Presidential Executive Order has been rescinded, the provisions of the original agreement shall prevail.

(16.4) The Company shall provide bulletin boards at locations mutually agreed to by plant management and its Local Union, to be used exclusively for Union notices. The notices will be furnished by the Union and posted by the Company in accordance with the provisions of applicable Local Agreements. The Union notices shall be restricted to the following:

1. Notices of Union recreational and social affairs
2. Notices of Union elections, appointments and results of Union elections
3. Notices of Union meetings
4. Reports of committees, approved by the Company

(16.5) The Union, and the employees it represents, agrees that it will condemn and will not authorize, encourage, or promote any curtailment or restriction of production, sit-down, slowdown, or other form of strike or work stoppage on the part of any employee, or group of employees, in the units covered hereby; that it will in good faith attempt to prohibit same.

There shall be no lockout by the Company during the term of this Agreement.

In the event a dispute arises under Section 11.2 of the Aurora, Section 16.2 of the Decatur, Section 6.7 of the Peoria, Section 6.6 of the Pontiac, Local Agreements, or Section 18.3 hereof, this Section 16.5 shall

be inoperative only at the business unit where the dispute occurs, insofar as it refers to "strikes."

(16.6) If an eligible employee is transferred on or after the date of this Agreement, at the request of the Company from a job in the bargaining unit to an hourly rated job in another plant of the Company he shall receive a moving allowance in accordance with the following schedule:

Miles from Employee's Plant to Other Plant	Moving Allowance	Amount
	Single Employee	Married Employee
0-49	\$0	\$0
50-99	795	1,765
100-299	885	1,945
300-499	960	2,040
500-999	1,155	2,410
1,000 or over	1,345	2,770

To be eligible for such a moving allowance under this Section, an employee so transferred must:

1. establish that he has, in fact, changed his permanent residence as a result of the transfer, and
2. make written application to the Company, in a manner to be prescribed within each business unit, for such moving allowance within six months after the date of such transfer.
3. provide documentation for bona fide expenses related to the movement of household goods, and family, if applicable, from one primary location to another as a result of such transfer.

Single, widowed, divorced or legally separated employees, who, when transferred, have their children relocate and reside with them shall be reimbursed as if they were married.

(16.7) Employees shall notify the Company, in a manner to be prescribed within each business unit, of any change of address. Every quarter during the term of this Agreement, the Company shall give to the Financial Secretary of each Local Union the names of all employees (active and on layoff with recall rights) covered by the applicable agreement together with their addresses as they then appear on the records of the Human Resources Department. The Financial Secretary of each Local Union shall receive and retain such information in confidence and shall disclose it only to those officials of the Local Union or the International Union whose duties require them to have such information. Such officials shall likewise hold such information in confidence and shall disclose it to no one else.

(16.8) Whenever the Company requires an employee (1) to undergo a periodic physical or mental examination because of the nature of his present job duties or (2) to undergo a physical or mental examination before being assigned to a different job, such employee shall be paid for hours spent in taking such physical or mental examination.

(16.9) An employee who becomes disabled as a result of an injury arising out of and in the course of his employment shall not suffer a loss of earnings for the

remainder of his regular shift on the day on which he was injured.

(16.10)

A. Subcontracting, Outsourcing, Resourcing, Discontinuance of Product Line:

The Company shall continue to make the decisions as to whether work shall be performed by Company forces in any Company plant, or by others, consistent with an intention to maintain, so far as practicable, a stable work force. The Company shall make decisions of such nature with such intention taking into consideration such factors as the scope of the project or production requirement, relative costs, possession and availability of Company equipment and of employees qualified to accomplish the production without undue overtime or delay either of the specific production or of any other scheduled activity, desirability of continuity of relations with historic sources of supply and believed best utilization of all the Company's plants with a view to long-term stability and health of the enterprise as a whole.

B. Notice

In the event the Company contemplates a decision to subcontract, outsource or resource work or to discontinue a complete product

line, as hereinafter defined, where such decision would, during the term of this Agreement, affect adversely the stability of the work force, resulting in a Complete or Partial Plant Closing as hereinafter defined, the Company will give reasonable notice of such proposed decision to the Union which, in the normal case, shall be no less than 180 days in the case of a Complete Plant Closing or 60 days in the case of a Partial Plant Closing prior to the Company making its final decision, provided, however, in the event such 180 or 60 days notice would impair the Company's need for speed, flexibility and confidentiality, the Company will give such notice as soon as practicable.

Thereafter, the Company, upon request, will meet with Union representatives, explain the reason(s) for such contemplated decision and provide relevant information re-requested by the Union. It will consider and respond to alternative proposals, if any, which may be suggested by the Union.

Liability arising from this Section 16.10 (B) shall be limited to providing the benefits set forth in subsections (C) and (D) of this Section 16.10.

C. Implementation of Complete Plant Closing Decisions

In the event that the Company, following such prior notice, meetings and conferences, pursuant to this Article makes a decision in the exercise of its business judgment to subcontract, outsource, resource or discontinue productive operations where such decision will result in a Complete Plant Closing, each affected employee to be permanently laid off as a result of such decision will be given or mailed an "Option" form, on which he will be given a one-time-only opportunity to select one or both of the options, if any, for which he is eligible.

The options are:

- (i) Being placed on a Master Recall List as specifically described in Section 16.10 (D) of this Article. If an employee has not been placed on permanent layoff at the time the option form is distributed, he may delay deciding on the Master Recall option until he is placed on permanent layoff.
- (ii) Receiving Outplacement Services as Specifically described in Section 16.10(E) of this Article.

Additionally, an eligible employee, or an employee who becomes eligible at a later date, will be able to elect Special Early Retirement as specifically described in the Non-Contributory Pension Plan.

Each such employee shall return the Option form to the Company within 60 calendar days following the date he received such form.

During such 60-day period, each such employee will be given an opportunity for counseling on the benefits and/or effects of each such option for which he is eligible. An employee who fails to return such form to the Company as above provided will be deemed to have waived all rights and/or benefits provided for in this Section 16.10 under either option unless satisfactory reason is given for such failure.

The Company will establish and maintain a "Plant Closing Services" office for a period of time of not less than six months following the date the plant(s) and/or facility(ies) is closed as defined in Section 16.10(F) of this Agreement. Such office will coordinate and/or administer the provisions of Subsections (C), (D) and (E) of this Section 16.10.

D. Master Recall List

- (i) A Master Recall List shall be established for each of the business units set forth in Section 2.1. It shall consist of all "eligible employees," hereinafter defined, who

have designated that business unit as one in which they will accept employment. Eligible employees will be placed on such List in order of seniority and/or group seniority (if applicable), whichever is greater, and the eligible employee with the greatest such seniority and/or group seniority (if applicable) shall be given the first opportunity for employment in that business unit in accordance with the following provisions of this Section 16.10 (D); provided, however, that in the event of a job opening at Labor Grade 3 or higher, the opportunity for employment will be offered to the eligible employee, if such there be, with the greatest seniority and/or group seniority (if applicable) who can perform such job without being trained.

- (ii) An employee who has exercised the Master Recall option, and
 - (a) who possesses (or acquires prior to being placed on permanent layoff) five or more years of seniority and/or group seniority (if applicable) (including employees on layoff or leave of absence under the first paragraph of Section 14.1 or Sections 14.4, 14.6, 14.7, 14.8, 14.9, or 14.12 of this Agreement) on the date of notice referred to in Section 16.10 (B), and

(b) who has designated, as hereinafter provided, one or more of the business units set forth in Section 2.1 in which he will accept employment,

shall be an “eligible employee” for employment opportunities in any such designated business unit(s) in accordance with the provisions of this Section 16.10 (D) but ceases to be an “eligible employee” in the event and at the time of: separation; death; retirement; refusal to accept an offer of employment under this Section 16.10(D); acceptance of an offer of employment in any business unit covered by this Agreement, whether or not the offer was made under this Section 16.10(D); failure to promptly notify the “Plant Closing Services” office established by the Company or, after the date it is closed, Human Resources, Corporate Offices, 100 N.E. Adams Street, Peoria, Illinois 61629 of any change of address or that the reason for a leave of absence no longer exists; the expiration of a period of five years from the date of permanent lay-off; or a break in seniority and/or group seniority (if applicable) in accordance with any other provision of this Agreement, the appropriate Local Agreement or any other Plan or Agreement between the parties.

- (iii) Within ten calendar days of the date the Option form is returned to and received by the Company, each eligible employee who has selected the "Master Recall List" option will be mailed a form on which such employee will be given a one-time only opportunity to designate the business unit(s) covered by this Agreement in which he will accept an offer of employment. Each such employee shall return such form to the Company within 15 calendar days following the date he received such form. Employees who defer their Master Recall option until being permanently laid off shall return such form within 15 calendar days following their permanent layoff date. If the employee has designated one or more business units as ones in which he will accept employment, the provisions of this Section 16.10 (D) will become operative for such employee on the first or third Monday of the month following receipt of such form by the Company provided such form is received 10 calendar days prior to such Monday.
- (iv) A new employee will not be hired under the provisions of Sections 12.13 or 12.15 of this Agreement into a job in a business unit covered by this Agreement if there is an eligible employee (excluding those who are still on a leave of absence

under the first paragraph of Section 14.1 or Sections 14.6, 14.7, 14.8 or 14.12 of this Agreement only, but no others) on the Master Recall List for that business unit who possesses the necessary qualifications for employment on such job and provided that an applicant for employment on such job does not possess measurably better qualifications for that job than such eligible employee.

- (v) An eligible employee will not be offered employment on a job in a business unit if there is an employee who is downgraded or laid off from such job in that business unit and who still possesses recall rights to such job.

- (vi) An eligible employee who is offered an opportunity for employment in a business unit as above provided must accept or reject such offer by 4:00 p.m. of the third regularly scheduled workday following the day the employee receives such offer. The employee will be advised as to the plant or facility involved and the job classification, rate of pay and shift of the job being offered. An eligible employee who accepts an offer of employment under this Section 16.10 (D) shall report for work within ten calendar days (unless his release from his current business unit is delayed as provided below) after being

offered such job, unless satisfactory reason is given, or the provisions of Section 11.2 (3) will be applied to him as though the notice requirements of such Section had been fully met.

At its option the Company may require an employee who has accepted a Master Recall offer to remain at his current business unit until his services are no longer needed. In such event, the employee's seniority date at the business unit where he has accepted the Master Recall offer shall be on the day following his acceptance of such offer. Subject to the provisions of Article 13 of this Agreement, the Company will hold the job offered until the employee is released by his current business unit provided that the Company may temporarily assign other employees to fill such job.

- (vii) An eligible employee who accepts an offer of employment in a business unit under the provisions of this Section 16.10 (D)
 - (a) shall be deemed to be eligible for the appropriate moving allowance, if any, as set forth in Section 16.6 of this Agreement;

- (b) shall not be required to serve a probationary period under Section 11.1;
- (c) shall have “his last date of hire” under the provisions of Section 9.8 computed as though he were still working in the business unit from which he was or would be laid off as a result of the plant or facility being closed;
- (d) shall be deemed to have met the employment and/or seniority eligibility requirements for Sections 15.1, 15.2, 15.3, and 15.4;
- (e) shall be required, at the Company’s option, to take a medical examination prior to the date he begins work in such business unit to determine his fitness to be employed in such business unit and perform the work being offered;
- (f) shall, on the first day he begins work in the business unit in which he accepted employment under this Section 16.10 (D), be deemed to have broken his seniority and/or group seniority (if applicable) in the business unit in which he last worked prior to becoming an “eligible employee”; and

- (g) except as provided in the last paragraph of (vi) above, and subject to paragraph (e) above, shall have seniority and/or group seniority (if applicable) in the business unit in which he accepts employment measured from the day following his acceptance of such offer.
- (h) such employee, who accepts employment in a business unit under this provision and is subsequently laid off from such bargaining unit under the provisions of Section 13.5 before he accumulates more than two (2) years seniority in such business unit would, concurrent with the time he would break seniority within such business unit under the provisions of Section 11.2, be returned to the Master Recall list for those business units he originally designated and be considered an "eligible employee" subject to the provisions of Section 16.10 (D) (ii).
- (viii) In the event an eligible employee with less seniority and/or group seniority (if applicable) than another eligible employee on a Master Recall List accepts an offer of employment that was made in error or an employee was hired in error, the Company will not incur any

financial liability to such more senior eligible employee provided the next job opening for which he is qualified (in any business unit in which he has indicated he will accept employment) occurring after the Company becomes aware of such error is offered to such more senior employee.

- (ix) The Company will provide to the UAW Agricultural Implement Department, on a quarterly basis, a list of "eligible employees" who are on the Master Recall List for each business unit set forth in Section 2.1. Each Local Union will receive a copy of the list applicable to their business unit. Such list shall include each employee's name, badge number, business unit from which the employee is laid off, date of layoff and seniority and/or group seniority (if applicable) date.

E. Outplacement Services

- (i) An employee placed on permanent layoff as a result of such Company decision who possesses one or more years of seniority and/or group seniority (if applicable) (including employees on layoff or leave of absence under the first paragraph of Section 14.1 or Sections 14.4, 14.6, 14.7, 14.8, 14.9 or 14.12 of this Agreement) on

the date of notice referred to in Section 16.10 (B), shall be an “eligible employee” for purposes of this Section 16.10 (E) but ceases to be an “eligible employee” in the event and at the time of: separation; death; retirement; acceptance of an offer of employment with any employer, unless otherwise mutually agreed; the expiration of the lesser of (i) a period of two years from the date of permanent layoff, or (ii) the period of time during which he accumulates seniority and/or group seniority (if applicable) in accordance with Sections 11.2 (4) and 11.4 or the comparable provisions covering group seniority; or a break in seniority and/or group seniority (if applicable) in accordance with any other provision of this Agreement, the appropriate Local Agreement or any other Plan or Agreement between the parties.

- (ii) Each “eligible employee” shall be given an opportunity to avail himself of any or all of the following benefits and services:
 - (a) Counseling by the Company about retirement, insurance and related benefits plan entitlements.
 - (b) Vocational counseling by the Company or an organization selected by the Company which provides such services.

- (c) Training and assistance in the preparation of a resume suitable for distribution to prospective employers; such assistance shall include a listing of the jobs and/or work experience that the employee has had with the Company.

- (d) Outplacement assistance, in which the Company will contact the appropriate public employment service, private employment agencies, and area employers in search of employment opportunities for eligible employees; such assistance may include:
 - (i) the distribution of a list of employees showing their job and/or work experiences and the date their services will be available to interested agencies, area employers, or organizations with a request that the employees be given employment consideration;

 - (ii) arrangements for recruiting and interviews by area employers, including formal job fairs (as warranted by external placement opportunities and interest among area employers), consistent with plant operation requirements and efficiency considerations;
or

(iii) solicitation of lists of job opportunities from area employers with posting or distribution of copies of these lists to interested employees.

(e) Reimbursement for tuition fees and books, not to exceed a total of \$2,000, upon successful completion of approved trade, business or vocational school training, which will enhance the employee's opportunity for employment.

F. Implementation of Partial Plant Closing Decisions

In the event that the Company following such notice, meetings, and conferences pursuant to this Article makes such a decision in the exercise of its business judgment to subcontract, outsource, resource or discontinue productive operations where such decision will result in a Partial Plant Closing, employees to be laid off for indefinite periods as a result thereof shall be granted or denied benefits, if any, in accordance with and subject to the limitations of the Letter of Agreement No. 23.

G. Definitions

(i) A "decision to subcontract, outsource, resource work or discontinue a complete product line that will affect adversely the stability of the work force" means

such a decision by the Company that will result in a “Complete Plant Closing” or a “Partial Plant Closing” during the term of this Agreement as hereinafter defined.

- (ii) A “Complete Plant Closing” means a Company decision to subcontract, out-source, resource or discontinue all productive operations within the plant(s) and/or facility(ies) where employees comprise one of the bargaining units set forth in Section 2.1 with the result that no employees in such bargaining unit (except those who may be retained for a period of time to maintain the buildings and equipment) are working in that bargaining unit and the Company has no expectations of productive operations being resumed in such bargaining unit.
- (iii) A “Partial Plant Closing” means a Company decision to subcontract, out-source, resource or discontinue some productive operation(s) within a plant(s) and/or facility(ies), where employees comprise one of the bargaining units set forth in Section 2.1, that will result in the elimination of 50 jobs or 5% of the jobs in such bargaining unit, whichever is less.
- (iv) “Subcontracting” means a Company decision to have other than Company forces perform production-related

operations that have been normally and customarily performed in the Tool Room, Plant Engineering or Technical Center by employees in one of the bargaining units set forth in Section 2.1 during the term of this Agreement.

- (v) “Outsourcing” means a Company decision to have other than Company forces perform productive operations other than production-related operations defined in “Subcontracting” that have been normally and customarily performed by employees in one of the bargaining units set forth in Section 2.1 during the term of this Agreement. Outsourcing does not include decisions by the Company concerning the placement of productive operations related to the manufacture of new products, components or parts, not heretofore produced by the Company and which are not replacements for existing Company products, components or parts.

- (vi) “Resourcing” means a Company decision to have productive operations that have been normally and customarily performed by employees in one of the bargaining units set forth in Section 2.1 performed by Company forces other than employees in such bargaining unit during the term of this Agreement. Resourcing does not include decisions by the Company

concerning the placement of productive operations related to the manufacture of new products, components or parts not heretofore produced by the Company and which are not replacements for existing Company products, components or parts.

- (vii) "Discontinuing a complete product line" means a Company decision to discontinue the manufacture, distribution and sale of a type of product (crawler tractors, wheel tractors, motor graders, hydraulic hose, etc.) or to discontinue the manufacture of a model of any such type of product, other than hydraulic hose, that is not replaced by another model.

(H) Logistics Services Work

Notwithstanding the foregoing provisions of this Section 16.10, the Company shall have the sole right, in the exercise of its managerial discretion, to remove logistics services work performed for third party customers from any facility in which it is placed. Nothing herein shall be construed as restricting the Company's right to outsource, resource, relocate or discontinue such work.

(I) Returning Work To Bargaining Unit

In order to allow the Company to have the flexibility it needs to operate efficiently and

effectively and to minimize the impact of employment changes on employees, the Company, at its sole discretion, may elect to temporarily return work to a bargaining unit that has been previously outsourced, subcontracted or resourced in accordance with this Section 16.10.

If the Company elects to temporarily return such work to a bargaining unit, the Union acknowledges and agrees that such work may be removed again without becoming subject to the provisions of Section 16.10 (A) or Section 16.10 (B) of this Agreement. Nothing in this Section 16.10 (I) shall, however, be construed as a waiver by the Union of otherwise applicable rights provided to employees in the remaining provisions of this Section 16.10. The Union also agrees that, if the Company temporarily returns such work to a bargaining unit and later removes that work again, it will not file or process grievances to protest such decisions.

The appropriate business unit representative will provide the appropriate local union representative with specific information concerning the job classification(s) and number of jobs involved when work is to be temporarily returned to a bargaining unit or when such work is to be removed again. Business unit representatives and local union representatives will consult and agree on a case-by-case basis

that the provisions of this Section 16.10 (1) are applicable prior to such work being temporarily returned to a business unit.

(16.11) The parties jointly support the objective of voluntary improvement of the skills and capabilities of employees. The Company will continue to provide (within the capabilities of particular plants) off-shift classes on work-related subjects. These classes shall be available to all employees and a notation of satisfactory completion made a part of the employee's record. At the request of any Local Union a committee shall be created for its appropriate bargaining unit to consist of not more than three Union and three Company representatives to consider the operation of such classes and make suggestions, if such be deemed advisable, as to their further operations.

ARTICLE 17

Training

(17.1) The provisions of this Article 17 shall apply only to the business units listed in paragraph (c) below.

When used in this Article 17:

- a. "Apprentice" means an employee in a bargaining unit employed in any of the following classifications (provided such classification is included in the Exhibit A of the applicable Local Agreement):

Electrician Apprentice
Toolmaker Apprentice
Machine Repair Apprentice
Maintenance Mechanic Apprentice
[Aurora; East Peoria (except Building KK); Decatur; Pontiac; Morton only]

who is engaged in learning and working in the trade in which he has enrolled.

- b. "Designated Craft" means a job classification as defined in Section 17.12.
- c. "Business Unit" means the following facilities:

Local 145 Aurora

Local 751 Decatur

Local 974 East Peoria (except Building KK)
Mapleton/Mossville
Morton
Technical Center and
Peoria Proving Ground
Building KK (East Peoria)

Local 2096 Pontiac

(17.2) Business Unit Joint Apprenticeship Committee

- a. At each business unit where this Article 17 is applicable, there shall be established a Business Unit Joint Apprenticeship Committee (herein referred to as Business Unit Committee) composed of four members, two appointed by the Company, one of whom shall be a member of that business unit's Training organization, and two appointed by the Union. Either the Company or the Union may at any time remove a member appointed by it and may appoint a member to fill any vacancy among its members. The Company and the Union shall each notify the other in writing of any appointment to a Business Unit Committee and no such appointment shall become effective prior to the giving of such notice.

The Union may also identify, in writing, an alternate member, who, in the event a regular member was unavailable, would attend either regular or special meetings.

Each member of a Business Unit Committee appointed by the Union, including the alternate member, shall be:

- (i) an employee of the Company; and
- (ii) employed in and holding UAW Journeyman status in a "Designated Craft" classification

for one of the Apprentice Courses at that business unit; and

In addition, at least one member of each Business Unit Committee appointed by the Union shall be a graduate of one of the Apprentice Courses at that business unit, if there are such graduates.

The Business Unit Committee shall meet at an agreed upon time once each quarter unless the time between meetings is extended by mutual agreement. Members of the Business Unit Committee appointed by the Union will not lose pay for regularly scheduled hours because of attendance at a regularly scheduled meeting of that Business Unit Committee. Through mutual agreement, special meetings of a Business Unit Committee will be held at the request of either the Union or the Company. The requesting party shall provide the other party with a written agenda at least three working days prior to the date of the special meeting. Special meetings requested by the Union will not be held on Company time. Meetings called by the Company will not result in loss of pay for regularly scheduled hours for members of the Business Unit Committee appointed by the Union.

The Company will prepare minutes of each meeting. Such minutes shall include: the date of the meeting; names of the individuals present; a brief statement of items discussed; and the consensus or disposition, if any, reached on those items. A copy of those minutes will be provided to each member of the Business Unit Committee within ten working days of the meeting.

b. Each Business Unit Committee shall:

1. Have the right to designate a Business Unit Committee member to counsel individuals about to enter an Apprentice Course to ensure that they are informed and impressed with the responsibilities they are about to accept as well as the benefits they may receive.
2. Review applicants for an Apprentice Course who have met the requirement set forth in paragraphs 17.5 (a) and 17.5 (b). Following such review, an applicant may be rejected if a majority of the Business Unit Committee agree that rejection is appropriate.
3. Discuss and review cases in which any Apprentice at that business unit is failing to satisfactorily progress. One Union member of the Business Unit Committee, together with one Company member of the Business Unit Committee, at a mutually agreeable time, shall, without loss of pay for regularly scheduled hours, be permitted to counsel with such Apprentice. After such consultation, the responsibility for making the decision regarding the continuation in the Apprentice program for those demonstrating an inability to learn or a lack of interest in work or education rests

with the Company. In the event a majority of the Business Unit Committee does not agree, the situation may be referred to the Central Joint Apprenticeship Committee. (Nothing in this Article 17 shall limit the Company's right to discipline/discharge Apprentices for matters not related to their training as Apprentices. Such action by the Company shall not be referred to the Business Unit Committee, but may be subject to the grievance procedure.)

4. Review the Apprentice Course(s) established for that business unit and make recommendations for the improvement of such Course(s).
5. Receive a list of employees who are Apprentices covered by this Article 17 at that business unit.
6. Report and/or refer matters of discussion to the Central Joint Apprenticeship Committee as well as accept findings from the Central Joint Apprenticeship Committee.

(17.3) Central Joint Apprenticeship Committee

There shall be established a Central Joint Apprenticeship Committee composed of six members, three appointed by Caterpillar Inc., one of whom

shall be a member of the Company's corporate Training organization, and three representatives appointed by the Union. Two of the Union representatives shall be from the International Union and shall hold UAW Journeyman status in one of the crafts referenced in Section 17.1(a). The third Union representative shall be a member of one of the Business Unit Joint Apprenticeship Committees.

Either the Company or Union may at anytime remove a member appointed by it and may appoint a member to fill any vacancy among members appointed by it. The Company and Union shall notify each other in writing of any appointment to the Committee and no such appointment shall become effective prior to giving such notice.

The Central Joint Apprenticeship Committee shall:

1. Meet at an agreed upon time each six months unless the time between meetings is extended by mutual agreement. Special meetings of the Committee will be held at the request of either the Union or the Company at a mutually convenient time. Special meetings may be conducted by conference phone calls. The requesting party shall provide the other party with a written agenda at least 15 working days prior to the date of such special meeting.

The Company will prepare minutes of each meeting. Such minutes shall include: the date

of the meeting; names of the individuals present; a brief statement of items discussed; and the consensus or disposition, if any, reached on those items. A copy of these minutes will be provided to each member of the Central Joint Training Committee within ten working days of the meeting.

2. Review reports and matters of discussion referred by Business Unit Committees.
3. Advise appropriate Business Unit Committees of the Central Joint Apprenticeship Committee's findings on matters referred from respective Business Unit Committees.

Items, which remain in dispute following discussion by the Central Joint Apprenticeship Committee, may, if the Union so elects, be referred directly to the Final Step of the grievance procedure in the appropriate Local Union and, if so referred, will thereafter be subject to the normal grievance and arbitration procedure.

(17.4) Application to become an Apprentice in a business unit will be received and dated by the Training organization of the Company at that business unit. Such Training organization shall determine which of the applicants meet the requirements of paragraphs 17.5(a) and 17.5(b) and will furnish the Business Unit Committee established for that business unit a list of those so approved. Opportunities for training afforded under this Article 17 shall be available to all otherwise eligible and qualified candidates without regard to age, race, sex, creed, color or national origin.

(17.5) Eligibility Requirements

A person selected to become an Apprentice shall possess the following eligibility requirements:

- a. Must have attained the age of 17.
- b. Indication of potential for successfully completing an Apprentice Course by reason of an evaluation of biographical data, school records, previous work experience, Company work history (if any), and successful completion of an evaluation system to be administered and interpreted by the Company. This evaluation system will also determine the successful individual's initial level of competency for purposes of determining (1) placement on the waiting list for an Apprenticeship and (2) placement on a rate step upon entry into an Apprenticeship.
- c. Review by the appropriate Business Unit Committee.

(17.6) Entry Into An Apprenticeship

Each business unit shall establish a waiting list for entry into each Apprentice Course at that business unit. This list shall be composed of all applicants for such Apprentice Course and relative position on this list shall be determined by the level of competency demonstrated by each individual when completing the evaluation system, which is administered during the

application process and subsequent demonstrations of competency which are initiated by individual applicants. The individual who has demonstrated the highest level of competency shall be at the head of the list; provided, however, that no individual shall be placed on the list until 30 calendar days following the date such individual was determined to have met the eligibility requirements listed in Section 17.5 and that, after being placed on the list, an individual's position on the list will not be changed until 30 days following the date such individual demonstrates additional competency. If individuals have demonstrated the same level of competency, a current employee will be considered to be higher on the list than an equally competent non-employee, and the employee with the greatest seniority and/or group seniority (if applicable) will be considered to be higher on the list among equally competent current employees. An individual cannot be on more than one waiting list at each business unit at the same time. By mutual agreement, the provisions of this Section 17.6 may be waived for Affirmative Action purposes.

(17.7) Terms of Apprenticeship

The terms of Apprenticeship for each individual shall be in accordance with the training work schedule and classroom schedule as determined on the basis of such individual's skill development map by the Company at each business unit. In each business unit, the Business Unit Committee shall be provided an outline of these schedules. These schedules provide a guide and may from time to time be revised, as

conditions require. A copy of all such revisions shall be furnished to the Business Unit Committee involved.

(17.8) Apprentice Reductions and Returns to Apprentice Courses

- a. In the event it is necessary to reduce the number of Apprentices in a Course within a Business Unit, Apprentices in that Course shall be removed from that Course on the basis of their demonstrated level of competency sixty (60) days prior to the effective date of the reduction in force, beginning with the Apprentice with the lowest level of competency. If Apprentices have the same level of competency, the Apprentice with the least seniority shall be removed first. An Apprentice removed from an Apprentice classification as designated in Section 17.1 (a), in accordance with this Section 17.8 (a) shall be placed in accordance with the provisions of Article 13 as specified in Section 17.12 in the same manner as though his departure from that Apprentice classification had resulted because of those provisions.
- b. The provisions of Article 13 as specified in Section 17.12 shall not apply to Apprentices unless a reduction in force of Apprentices occurs or the application of the foregoing provisions of this Section 17.8 results in a reduction in force of Apprentices.

- c. Apprentices removed from an Apprentice classification solely as the result of a reduction in force, shall be returned to that Apprentice classification, when conditions deem appropriate, on the basis of their demonstrated level of competency sixty (60) days prior to the effective date of the return to that Apprentice classification, beginning with the Apprentice with the highest level of competency. If Apprentices have the same level of competency, the Apprentice with the greatest seniority shall be returned first.

(17.9) Wages

Apprentices shall be paid for required classroom attendance. Hours spent in required classroom attendance shall be considered hours of work in computing overtime. An Apprentice shall be paid the wage rate corresponding to the individual's demonstrated level of competency.

(17.10) Supervision of Apprentices

Apprentices shall be under the supervision of the Training organization of the Company and under the immediate direction of the Supervisor of the area to which they are assigned. The Training organization of the Company will determine the movement of Apprentices in accordance with training work schedules.

(17.11) Tools

The Company will provide the tools required for each Apprentice Course to the Apprentice, and such tools shall become the personal property of the Apprentice upon graduation. The Company will provide the Business Unit Committee with the list of tools provided for each Apprentice Course in the business unit for which the Business Unit Committee is established.

(17.12) Placement Upon Graduation

An employee

- (i) who graduates from one of the Apprentice Courses hereinafter set forth, will, provided there is a job opening, be placed in his "Designated Craft" within the business unit where he is assigned at the time he graduates, provided there is no employee within that business unit with greater seniority (a) who is currently working in that "Designated Craft" but on a different shift and whose Prefiled Shift Preference form indicates the shift of first preference is the same as the shift of the opening; or (b) who has previously worked in that "Designated Craft" or previously graduated from such Apprentice Course and whose job bid for return to such "Designated Craft" has not been honored.
- (ii) who graduates and who is not, in accordance with (i) above, placed in his

“Designated Craft” shall be placed in accordance with the provisions of Article 13, or Article 19 whichever is applicable. The starting point of such reduction in force procedure shall be that “Designated Craft” to which such graduate Apprentice would have been placed in accordance with (i) above.

- (iii) who graduates or has graduated, and whose Local Agreement provides for group seniority, shall, for purposes of (i) and (ii), above, and for purposes of bidding to a “Designated Craft” under the provisions of Article 19 be deemed to have group seniority equal to the period of his apprenticeship.

Apprenticeship Course

<u>From Which the Employee Graduated:</u>	<u>“Designated Craft” Classification:</u>
Electrician	Electrician (6)
Machine Repair	Machine Repair Mechanic (6)
Toolmaker	Toolmaker (6)
Maintenance Mechanic	Maintenance Mechanic (6)

(17.13) Apprentice programs not listed in Section 17.1 and other training programs will not be subject to the provisions of this Article 17 unless mutually agreed by the parties.

ARTICLE 18

Wages

(18.1)

- A. The basic hourly rates of pay during the term of this Agreement are set forth in Appendix A to this Agreement.

- B. The Company reserves the right to increase the rates of a Labor Grade or Labor Grades and/or adjust the number of rate steps on this rate schedule within any business unit or all of the business units.

The Company reserves the right to place an employee being hired or rehired on any rate step. The Company also reserves the right to place an employee entering an apprenticeship or training program on any rate between the minimum rate and the minimum graduating rate of the employee's program.

- C. Employees on this rate schedule shall be placed on the next rate step in the Labor Grade every 26 weeks of active work until they reach the maximum rate for their job classification.

Each rate step change will be effective at the beginning of the first pay period following the completion of the required number of weeks of active work.

- D. For purposes of this Agreement, “Weeks of Active Work” shall include weeks: during which an active employee works in the bargaining unit; during which the employee is on vacation under the provisions of Section 9.2 of this Agreement; or for which the employee receives pay from the Company for holidays, jury duty or witness service, temporary military service, or bereavement under the provisions of Sections 15.1, 15.2, 15.3, 15.4, and/or 15.5 of this Agreement. Receipt of any other benefits or pay, including pay or benefits received with respect to leaves of absence, shall not be credited toward any weeks of work requirement under the provisions of this Agreement.

- E. As used in this Section, “basic hourly rates of pay” means straight time hourly rates excluding night shift premiums and all other premiums or bonuses of any kind.

- F. Effective December 31, 2012, the basic hourly rates of pay in effect on December 30, 2012, shall be increased by three percent (3%).

(18.2) If an employee is temporarily assigned to a lower rated job, he shall continue to receive his regular rate of pay. This provision shall not apply if the assignment to the lower rated job is in lieu of layoff, is upon request of the employee, or because the employee is unable to satisfactorily perform the higher rated job, in which event the employee will receive the rate of pay for the lower rated job.

(18.3) During the life of this Agreement either party may request, in writing, a meeting of a Business Unit Grievance Committee (In Local 974, the Bargaining Unit Chairman may also participate in these meetings.) to enter negotiations for the following purposes:

1. To establish a classification and schedule of rates for a new type of work not within the scope of existing classifications. (In such event the Company may establish a temporary classification and schedule of rates pending completion of negotiations.) When activities within such "new type of work" are actually assigned to the business unit, the Company will so notify the appropriate Local Union.
2. To make adjustments, if warranted, when the work in an existing job classification is significantly altered subsequent to the effective date of this Agreement.

Negotiations, as provided above, shall commence within ten days following date of written request, except that in the event the new machine, tooling, or equipment involved in a "new type of work" referred to in (1) above is not performing as expected by the Company, such negotiations shall be deferred until such time as the new machine, tooling, or equipment is performing satisfactorily not to exceed six months unless other-

wise mutually agreed. The temporary assignment of an employee to operate such machine, tooling, or equipment during such period shall not establish a precedent for the establishment of any new classification and schedule of rates. In the event such deferred period exceeds 90 calendar days and the negotiations commencing thereafter as provided above result in a new classification and schedule of rates to which an employee will be assigned, the opening will be filled in accordance with the provisions of Article 12. In the event an employee is moved, such employee will receive a retroactive payment for the rate increase such employee receives, if any, as a result of being so moved. The retroactive payment shall be an amount equal to the difference between the employee's hourly rate of pay immediately prior to such move and the rate of pay which the employee receives upon such move multiplied by the number of hours worked by that employee from the end of such ninety-day deferred period to the effective date of the employee's move.

However, if the "new type of work" referred to in (1) above is within the scope of a job classification and schedule of rates already existing in the Exhibit A of one or more of the other bargaining

units covered by this Agreement, such negotiations shall only consist of the parties incorporating such existing classification, with needed name and/or product identification changes, and schedule of rates into their Exhibit A and the following provisions of this Section 18.4 shall not be applicable to such new type of work. The schedule of rates referred to in this paragraph shall be the rates in effect for employees in accordance with the Appendix A of this Agreement.

After negotiations, as above provided, have continued for at least five days without agreement on the classification in question, the provisions of Section 16.5 shall be inoperative insofar as, but only insofar as:

- (a) such provisions refer to “strikes”; and
- (b) such provisions refer to the bargaining unit where the dispute exists; and
- (c) such negotiations are concerned for sixty days from the date on which either party received from the other party a written request to enter negotiations as above provided; provided, however, in the event such negotiations are deferred as above provided, such sixtyday period shall

date from the date the new machine, tooling or equipment is performing satisfactorily. Upon expiration of such sixty days, all provisions of Section 16.5 shall be auto-matically effective if no strike action has as yet been taken.

(18.4) The schedules of wage rates applicable to each business unit are incorporated as a part of this Agreement by reference to them as Appendix A.

The schedule of job classifications and basic hourly rates of pay and the related descriptions of the work performed in each job classification within each bargaining unit are incorporated as part of each Local Agreement by reference therein as Exhibit A. It is understood that the description of the work performed in each job classification briefly states the major significant characteristics of that classification which are the determining factors in establishing its wage rate level, and of necessity cannot describe all activities (whether regularly performed or not) involved in individual job assignments.

ARTICLE 19

Duration

(19.1) Subject to the ratification of this Agreement by the membership of the Union on or before March 6, 2011:

For all Business Units except the Caterpillar Logistics Services Business Units and except as otherwise specifically provided elsewhere, this Agreement shall be effective on the Monday following the ratification of this Central Agreement and shall remain in effect until March 1, 2017, and thereafter from year to year, unless sixty days prior to the date of expiration either party gives notice to the other, in writing, that it desires to modify or terminate.

For Caterpillar Logistics Services Business Units and except as specifically provided elsewhere, this Agreement shall be effective on the Monday following the ratification of this Central Agreement and shall remain in effect until the sixtieth day following the effective date of the Central Agreement and all Local Agreements covered by the Central Agreement to succeed those expiring on March 1, 2017. Agreed and subscribed to the date and year above written.

CATERPILLAR INC.

BY:	C.E. Glynn	Dan J. Day
	Jerry W. Duggan	Jonathan D. Ginzal
	Wes A. Knepp	David W. Stevens
	Mike W. Dennis	Deborah S. Furness

INTERNATIONAL UNION, UNITED AUTO-
MOBILE, AEROSPACE AND AGRICULTURAL
IMPLEMENT WORKERS OF AMERICA

BY:	Dennis Williams	Dave Curson
	Ronald D. McInroy	Brad Dutcher
	Mike Schramm	William Scott
	Wes Hogsett	Bobby Garland
	Tom Weber	Rick Doty
	Jim Steele	

LOCAL UNIONS OF INTERNATIONAL UNION,
UNITED AUTOMOBILE, AEROSPACE AND
AGRICULTURAL IMPLEMENT WORKERS OF
AMERICA

LOCAL NO. 145

BY:	Joseph P. Morel	Mark Patton
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LOCAL NO. 751

BY:	Dave Hess	David Stanley
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LOCAL NO. 786

BY: Shane L. Leiphart

LOCAL NO. 974

BY: Rick DeGrott
Stephen C. Mitchell

Dave W. Chapman
Paul Jackson

LOCAL NO. 1415

BY: Robert McKinney

LOCAL NO. 2406

BY: Tim Harrell

LOCAL NO. 2096

BY: Jim Myer

John Bogucki

Letter of Agreement No. 1

In order to implement the provisions of Section 6.2 of the Central Agreement, the parties agree to select Permanent Arbitrators in accordance with the following procedures:

1. That the same individual serve as Permanent Arbitrator at all plants covered by the Central Agreement.
2. That we forthwith mutually endeavor to select such an individual to serve under terms substantially conforming to the annexed draft of employment contract.
3. That if we are unable to make a selection within a reasonable period of time, we will jointly furnish the American Arbitration Association with the names of those who have been proposed but not agreed to by the parties or who may have declined appointment and request it, as rapidly as it can, to furnish a panel of five other individuals it feels qualified and able and who have indicated a willingness to serve upon substantially the terms of the annexed proposed employment contract, from which one will be selected by agreement if possible, otherwise by the alternate striking of names, with the party to do the first striking determined by lot.

Should it become necessary during the term of the labor contracts to select a successor Permanent Arbitrator, the same procedure will be utilized.

Appendix to Letter of Agreement No. 1

AGREEMENT

Agreement made between Caterpillar Inc. (Company), and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (Union) and (Permanent Arbitrator):

1. The Company and Union hereby appoint and employ as Permanent Arbitrator, to function under and in accordance with Labor Agreements entered into, between the Company and Local Unions 145, 751, 786, 974, 1415, 2096, and 2406 for a term, subject to the conditions of each Agreement, ending and hereby accepts such appointment and agrees to act as Permanent Arbitrator subject to the terms of this and those contracts.
2. The Union and the Company each agree to pay the Permanent Arbitrator one-half (1/2) of (a) a retainer of dollars (\$) per month for the term hereof, or until such time as the agreement is terminated in accordance with paragraphs 4 and 5 hereof, and (b) in addition thereto a per diem of dollars (\$) for each day required by him

to be used as Permanent Arbitrator together with (c) such business expenses as are reasonably incurred by the Permanent Arbitrator in acting as such.

3. On the first of each month the Permanent Arbitrator is to bill the Company and the Union severally for one-half of his retainer for the current month, one-half of the amount due for per diem services rendered and expenses incurred during the preceding month. The Company and the Union each agree to pay such billings on or before the 10th of said month.

4. In the event either the Company or the Union desires to terminate the services of the Permanent Arbitrator prior to the expiration date of this Agreement, it may do so by giving notice in writing to the Permanent Arbitrator and the other party. Such notice shall include a termination date and shall be effective as of such date. Thereafter the Permanent Arbitrator shall accept no new cases nor hold further hearings (except to complete hearings, if any, in which the evidence has not been completed); he shall, however, complete any hearings in which partial evidence has been heard and render decision thereon and on any pending cases in which hearings have been completed. Each of the parties shall pay the Permanent Arbitrator one-half

(1/2) of all unpaid retainer due on said termination date, all unpaid fees, and all unpaid expenses, and in addition thereto the party issuing such termination notice shall make a further payment of Dollars (\$) as a termination fee to the Permanent Arbitrator for loss and expenses resulting to him from such termination.

5. The Permanent Arbitrator, at any time, by written notice to the Company and the Union, may terminate his services under this Agreement, provided, however, that if not incapacitated he shall render decision in all cases in which hearings have been completed. If the Permanent Arbitrator terminates his services as aforesaid, he agrees to waive all rights to further retainer but shall be entitled to such further per diem and expense payments as may be requested in concluding his services.
6. Although the Permanent Arbitrator shall be entitled to no termination fee if his authority terminates by expiration of the stated term, the provisions hereof as to completion and decision of uncompleted cases shall apply.
7. It is the intent, purpose and desire of all the parties hereto that every effort of the Union and the Company be directed toward the disposition of grievance cases

before participation therein by the Permanent Arbitrator is requested.

Letter of Agreement No. 2

In the event the Company assigns a particular job from one existing job classification to another existing but lower rated job classification, on the basis of significant changes occurring in the content of such job, subsequent to the date of the Local Agreement between us, supplementary to the Central Agreement between us dated February 28, 2011, the Union shall have the right to file a grievance regarding such action on the Company's part (including the right to arbitrate in accordance with the provisions of Article 6 of the Central Agreement).

The Union shall also have the right to file a grievance (including the right to arbitrate as above provided) requesting that a particular job be reclassified from one existing job classification to another existing but higher rated job classification provided such grievance is based on significant changes occurring in the content of such job subsequent to the date of the Local Agreement between us, supplementary to the Central Agreement between us dated February 28, 2011.

In the event either such grievance is submitted to arbitration, the arbitrator shall first determine whether the job in question has been significantly changed subsequent to such effective date. If the arbitrator determines that the content of the job in question has significantly changed as above

described, then he shall determine into which of the existing classifications such job shall be assigned.

Letter of Agreement No. 3

When vacation shutdowns occur (at those business units which observe a shutdown), the Company and the Union agree to waive the periods of such vacation shutdown at those business units with respect to the time limits imposed in the below-specified provisions of the Central and Local Agreements.

These periods of waiver apply only to the following time limits:

Central Agreement

The 30th day referred to in Section 3.1

The 5-day period of Section 5.5

The 60-day period of Section 6.1

The 80-day, 65-day, 10-day, 30-day,
10-day and the 30-day periods of Section 6.5

The 60-day period of Section 6.9

Local 974 Agreement

The 10-day period of Section 3.1

Local 145 Agreement

The 10-day and 15-day periods of Section 3.3

Local 751 Agreement

The 5-day period of Section 5.4

Local 2096 Agreement

The 10-day period of Section 3.2

The parties also agree to waive any periods of vacation shutdown for the International Union with respect to the time limits imposed in Sections 6.1 and 6.5 of the Central Agreement.

Letter of Agreement No. 4

It is understood and agreed between the parties that notwithstanding any other provisions limiting the number of concurrent leaves of absence for Union business, employees who are selected by the Union to receive scholarships to attend educational programs at the Union's Black Lake Center, will be given leaves of absence for not more than two weeks (to be taken consecutively) for this purpose. In any given calendar year, no more than two such leaves will be requested or granted for any Business Unit covered by the Central Agreement between the parties except only one such leave will be requested or granted at the Caterpillar Logistics Services Business Units.

It is further agreed that, notwithstanding any existing local practices or agreements relative to working during the vacation shutdown, such employees will be offered a preferential opportunity to work during the summer vacation shutdown next following their designation as scholarship recipients if there is work available in the employees' business unit which they are qualified to perform. Notice of designation of scholarship recipients must be provided to the Company not later than April 1 of each year; otherwise the opportunity to work will be provided during the summer vacation shutdown next following such leave.

Letter of Agreement No. 5

The parties agree that employee involvement in workplace issues is crucial to the success of any business and the responsibility of every employee. More specifically, they agree that in the interest of creating a safe, highly productive work environment with widespread employee involvement and satisfaction, free and open communication between management and bargaining unit employees is necessary. To this end, the parties agree that the Company may establish teams consisting of selected bargaining unit employees (and as appropriate, non-bargaining unit employees), to cooperate with management in the identification of best practice for the improvement of efficiency, effectiveness, safety, productivity, quality, and profitability regarding operations about which they have knowledge. Examples of such teams include certification teams, productivity teams, problem-solving teams, new product development teams, safety teams, cost reduction teams, and work teams. It is a part of each employee's job duties to participate and cooperate in these endeavors. Any overnight travel associated with any inter-business unit teams formed under this Letter of Agreement will be on a voluntary basis.

The parties recognize that any team formed under this Letter of Agreement is not a replacement of or substitute for the long standing practice of individuals and/or teams formed for purposes such as but not limited to new machine runoffs, machine field follow-up or customer and OEM input/quality trips.

The parties also recognize that no team may take any action which conflicts with any provision of the Central Agreement or the respective Local Agreement. Moreover, the parties recognize that certain teams composed of bargaining unit employees (in whole or in part) may submit ideas or specific recommendations to management, which relate to wages, hours, and working conditions. While management may discuss and consider such ideas or proposals, no change or addition to the written terms and conditions of employment set forth in the Central Agreement or the respective Local Agreement may be made unless such change or addition is bargained over and agreed to by the Company and the Union.

Letter of Agreement No. 6

Caterpillar Inc. and the International Union UAW have long recognized both the moral and legal obligation and the practical desirability of developing and implementing policies which will insure equal employment opportunity, and, to the extent possible, consistent with responsible manufacturing operations, the elimination of the effects of discrimination if it may have existed in past years.

Accordingly, the parties agree to the establishment within thirty days of the ratification of this Agreement of a joint committee at the Corporate-International Union level and, additionally, joint committees at each Company business unit as set forth in Section 4.7 of the Central Agreement where employees are represented by a Local Union as set forth in Section 2.1. The

consist, function and objectives of these committees will be as follows:

Central Committee

1. The Joint Central Equal Employment Opportunity Committee will consist of two representatives of the Company and two representatives of the International Union to be appointed by the parties.
2. The Joint Committee shall appoint a Chairman and a Secretary from among the members serving. When a Company representative is Chairman, a Union representative will be Secretary and vice versa.
3. The Joint Committee will meet as frequently and at times as may be mutually agreed upon.
4. The Secretary will keep minutes of meetings, copies of which will be provided to the Company and Union representatives on the committee within a reasonable time following each meeting.
5. The function and objectives of the committee will be:
 - (a) To develop means by which minority and/or disadvantaged persons will be encouraged to participate in apprentice

or training programs in order to enhance their promotability.

- (b) To keep informed on affirmative concepts and programs developed by other companies or by governmental agencies and consider ways and means of adapting same to the advantage of Company employees.
- (c) To develop and adopt guidelines for employees and Union representatives designed to encourage the use of the grievance procedure as the primary method of resolving equal employment opportunity problems.
- (d) To review the progress of and provide counsel to the local business unit committees.

Business Unit Committees

1. The Business Unit Equal Employment Opportunity Committee at each business unit as set forth in Section 4.7 of the Central Agreement where employees are represented by a Local Union as set forth in Section 2.1 will consist of three representatives of the Company and three representatives of the Union to consist of the Local Union President, Chairman of the Bargaining Committee, and

Chairman of the Fair Employment Practices Committee except in Local 974. In Local 974 each business unit committee will consist of equal numbers of business unit management and Union representatives.

2. The Business Unit Committees will each appoint a Chairman and a Secretary from among the members serving. When a Company representative is Chairman, a Union representative will be Secretary and vice versa.
3. The Business Unit Committees will meet at least quarterly at mutually agreed times. Union representatives who are members of these committees will not lose pay from regularly scheduled hours for time spent in attendance at scheduled meetings up to a maximum of three hours for any quarter. However, if the aggregate time spent in such meetings in any one-quarter is less than three hours, the remainder shall not be carried over into a succeeding quarter.
4. The Secretary will keep minutes of meetings, copies of which will be provided to the Company and Union representatives on the Committee and to the Joint Central Committee within a reasonable time following each meeting.

5. The function and objectives of the Business Unit Committees will be similar to the first three functions and objectives of the Joint Central Committee. Local developments or proposals in these three areas will be channeled specifically to the Joint Central Committee by means of the minutes of Business Unit Committee meetings.

As stated in the opening paragraph of this letter, Caterpillar Inc. and the International Union UAW recognize the several aspects of responsibility inherent in their respective obligations to avoid discrimination. In particular, the legal responsibilities, which of course cannot be delegated, require that the activities of the Central Committee and the several Business Unit Committees shall be advisory, consultative and cooperative only. The Company and the Union will give due consideration to the recommendations of the Committees but the Committees may not commit either the Company or the Union to a specific course of action. However, the Union agrees that it will discourage its members from bypassing the grievance procedure with respect to any allegations against the Company, which may be made the subject of a grievance under the Labor Agreement.

Letter of Agreement No. 7

If a governmental agency having appropriate authority holds that any increase in rates of pay or benefits provided for by this Agreement or any supplement thereto is disallowed or postponed, the Company will

periodically, as the proscribed payments become due, place in escrow an amount of money equal to that necessary to provide the rates of pay and benefits so disallowed or postponed, if so doing is permissible under government regulations. The parties will negotiate, without strike, lockout or other interference with production, and without arbitration, means of making available to employees benefits equal in value to any monies so deposited in escrow in a manner permissible under government regulations.

Letter of Agreement No. 8

The Company agrees to furnish coveralls or other suitable clothing (which may include paper clothes) to employees in Locals 145, 751, 786, 974, 1415, 2096, and 2406 who are assigned to one of the job classifications indicated below and whose job duties regularly involve the use of spray painting equipment at least fifty percent of the time.

- Materials Specialist - 2
- Product Painter - 3
- Maintenance Painter - 4
- Painter, Maintenance - 4
- Painter (Maintenance) - 4

After initially issuing such clothing to such employees, the Company will provide clean or new changes once each week on an exchange basis only.

The Company agrees to furnish and replace on an exchange basis (provided such exchange shall not

exceed once per calendar quarter) welders jackets for employees whose job duties regularly require use of open arc welding processes.

Letter of Agreement No. 9

During our 1976 negotiations, the parties again discussed the application of Section 16.10 of the Central Agreement to Maintenance and Construction work, Tool Room work and Research work.

The Company reaffirmed its intention to make decisions as to whether such work shall be performed by Company forces, or by others, consistent with the intentions set forth in such Section 16.10. However, in the event any such decision to perform such work by other than Company forces will result in the downgrade or layoff of employees who would otherwise perform such work if the Company had decided to perform such work with Company forces, the Company will promptly notify the Union and, within but not beyond 5 days of such notification, meet with the Union to discuss the reasons for such decision. During such 5-day period, the work involved in such decision will not be performed by other than Company forces unless a compelling emergency requires that such work be performed immediately.

Each month the Company will provide the Union with a list of all decisions that have been made the previous month as to Maintenance and Construction work, Tool Room work and Research work that has been or will be performed by other than Company forces.

Such list will include:

1. Identification of the work.
2. Name of subcontractor.
3. Reason(s) for subcontracting such work.

If the Union has questions on the above information, the Company will discuss the matter with the appropriate Final Step Committee.

During 1979 negotiations the parties discussed the lists provided by the Company. The Union maintained that in some instances the "Reasons for subcontracting such work" were inaccurate. The Company assured the Union that the Company will make a sincere effort to accurately reflect the reasons for subcontracting such work.

During 2011 negotiations the parties discussed the Union's concerns that subcontracting lists were not being provided at all locations. The Company reaffirmed its commitment to provide subcontracting lists each month identifying decisions that were made during the previous month at all facilities.

Letter of Agreement No. 10

The parties acknowledge the desirability of ensuring prompt, fair and final resolution of employee grievances. The parties also recognized that the maintenance of a stable, effective and dependable grievance

procedure is necessary to implement the foregoing principle to which they both subscribe. Accordingly, the parties view any attempt to reinstate a grievance properly disposed of as contrary to the purpose for which the grievance procedure was established and violative of the fundamental principles of collective bargaining.

However, in those instances where the International Union, UAW, by either its Executive Board, Public Review Board, or Constitutional Convention Appeals Committee, has reviewed the disposition of a grievance and found that such disposition was improperly effected by the Union or a Union representative involved, the Union's Vice President and Director of the Agricultural Implement Department may inform the Company's Director of Corporate Human Relations in writing that such grievance is reinstated in the grievance procedure at the step at which the original disposition of the grievance occurred. For the purposes of this Letter of Agreement No. 10, an improper disposition shall include only those instances wherein a grievance:

- a. is specifically settled or specifically withdrawn in one of the steps of the Local grievance procedure or in an arbitration docketing session; or
- b. is not referred by the Regional Director or his designated representative to the UAW Agricultural-Implement Department or appealed to arbitration by the UAW

Agricultural-Implement Department as provided in Section 6.1 of the Central Agreement and is therefore deemed closed.

It is agreed, however, that the Company will not be liable for any claims for damages, including back pay claims, arising out of the grievance that either are already barred under the provisions of the Central Agreement or appropriate Local Agreement at the time of the reinstatement of the grievance or that relate to the period between the time of the original disposition and the time of the reinstatement as provided herein. It is further agreed that the reinstatement of any such grievance shall be conditioned upon the prior agreement of the Union and the employee or employees involved that none of them will thereafter pursue such claims for damages against the Company in the grievance procedure, or in any court or before any federal, state or municipal agency.

Notwithstanding the foregoing, a decision of the Permanent Arbitrator or any other arbitrator on any grievance shall continue to be final and binding on the Union and its members, the employee or employees involved and the Company and such grievance shall not be subject to reinstatement.

This letter is not to be construed as modifying in any way either the rights or obligations of the parties under the terms of the aforementioned Central Agreement or appropriate Local Agreements, except as specifically limited herein, and does not affect Sections thereof that cancel financial liability or limit the

payment or retroactivity of any claim, including claims for back wages, or that provide for the final and binding nature of any decisions by the Permanent Arbitrator or other grievance resolutions.

It is understood this letter and the parties' obligations to reinstate grievances as provided herein can be terminated by either party upon thirty (30) days notice in writing to the other.

It is agreed that none of the above provisions will be applicable to any case settled, withdrawn, or deemed closed prior to the effective date of this letter.

Letter of Agreement No. 11

An employee being returned to the bargaining unit under the provisions of Section 11.3 of the Central Agreement will be placed on a job in accordance with the following procedure:

1. Such employee will be placed on an open job in the classification or successor classification, if applicable, within the Business Unit in which such employee worked at the time he/she last transferred out of the bargaining unit provided there is no employee within that Business Unit with greater seniority who has previously worked in that classification (or its successor classification) and whose job bid for return to such classification has not been honored.

An employee being returned to a bargaining unit in accordance with this letter shall not be placed on an opening in Labor Grade 1, 2 or 3 if there is an employee with greater seniority who is laid off from that business unit, who possesses the basic qualifications which have been established for that particular job, and who meets the physical requirements which are necessary in order to perform that particular job.

An employee being returned to a bargaining unit in accordance with this letter shall not be placed on an opening in Labor Grade 4, 5 or 6 if there is an employee with greater seniority who is laid off from that business unit, who has previously worked and successfully performed in that classification and who meets the physical requirements which are necessary in order to perform that particular job.

2. In the event such employee cannot be placed on an open job as provided in (1) above, such employee will be placed in the reduction in force procedure in accordance with the applicable provisions of Article 13 of the Central Agreement using as the starting point of such reduction in force procedure the classification (or its successor classification) and business unit to which the employee was last assigned within the bargaining unit.

Letter of Agreement No. 12

During our negotiations, the parties discussed various aspects of Caterpillar safety programs. It was recognized that, to be effective, these programs require training of employees in their proper use and further requires appropriate enforcement measures. In addition, to maintain effectiveness, it is necessary to periodically review and reemphasize these programs.

Lockout Procedure

The Company will continue to provide training on the safety lockout procedure to all employees and apprentices who are required to observe such procedure. Locks and other necessary equipment will also continue to be provided to such employees.

The Company will instruct its management at each business unit to review the procedure with its Local Health and Safety Committee during one of its scheduled meetings. The Health and Safety Committee will also be informed of any subsequent significant changes made to the procedure.

Hazardous Material Program

The Hazardous Material Program will be a joint program.

The Company will provide each employee who comes in contact with hazardous materials with training on the safe use of such materials. When a hazardous

material is introduced into an employee's work area, the employee will receive additional training, if necessary, prior to the use of such material. The Company agrees to provide employees exposed to hazardous materials with the Material Safety Data Sheets for those materials during the shift that the request was made, provided sufficient time is available.

The Company is committed to purchase only those hazardous materials that have adequate Material Safety Data Sheets and labels. Also the Company will request that suppliers of hazardous materials provide it with all identifiable chemical names and composition of such products on their Material Safety Data Sheets. The Company will confirm through toxicology references that supplier-provided health warnings are appropriate. The Company is committed to the proper labeling of all transfer containers used to carry hazardous materials with appropriate labels and will make an ongoing effort to accomplish this goal.

Further, the Company will make an ongoing, good faith effort to maintain consistent enforcement of these programs. These programs will be monitored by business unit personnel (and Corporate Offices) in order to assure that each facility has an effective safety lockout procedure and hazardous material program.

Volunteer Emergency Response Program

During the course of 2004 bargaining, the parties have discussed emergency first responders, volunteer emergency medical technicians (EMT's), automatic

external defibrillators (AED's), the role of Company security forces in emergency response, and the role of all such resources in emergency situations. As a result of these discussions, the Company renewed its commitment to maintain the current volunteer emergency response programs, including continuing to seek volunteers (with the assistance of the plant safety committee) willing to achieve certification in cardio pulmonary resuscitation (CPR) and the use of AED's.

While most Company facilities have 24 hour, 7 day a week coverage or at least coverage at all times when employees are working, the Company committed that where such coverage was not practical, it would seek (with the assistance of the plant safety committee for such locations) volunteers willing to be trained in CPR and the use of AED's. Where sufficient volunteers could be found willing to complete the training on an off shift basis, and where a minimum of two (2) volunteers per shift could be certified after completing training, Caterpillar would make available the necessary equipment for response to emergency situations. The parties agreed that where sufficient volunteers could not be identified and certified, those facilities would continue to rely on the appropriate municipal emergency response obtained through the community 911 emergency call system.

The parties recognize the value of these programs to the health and safety of all employees. Therefore, the parties pledge to encourage volunteers to not take any action using their participation as leverage for matters that properly belong in one of the established dispute resolution processes.

Letter of Agreement No. 13

During 1979 negotiations, the parties discussed the Company's creation of training stations for apprentices and trainees. The Union agrees that a variety of training stations must be established in order to provide the different types of work assignments that are necessary to train apprentices and trainees.

As apprentices and trainees progress through the various programs, it becomes necessary to change the number and type of training stations. However, the Company will, on a semiannual basis, give the Union an updated listing of the training stations (including those stations where apprentices and trainees are assigned on an intermittent basis) within each bargaining unit covered by this Agreement.

The Company further agrees that, to the greatest extent practical, no employee will be involuntarily displaced to create a new training station. In addition, the Company will create training stations on more than one shift when warranted by the number of apprentices and/or trainees.

Letter of Agreement No. 14

During the 2011 negotiations the parties had extensive discussions concerning the buildup in the number of grievances pending arbitration that had occurred during previous years. Significant modifications were made to this Letter of Agreement to address the Union's concerns. The performance of this revised

arbitration process shall be reviewed in October 2012 by the Company's Corporate Human Relations Manager and the International Union's Director of the UAW National Caterpillar Department (or their designees) to determine if the process successfully enhanced the operative performance of the arbitration procedure. The number of grievances that remain pending arbitration at that time and the use of other contractual processes, such as quarterly reviews as provided under this Letter of Agreement, to resolve grievances after the effective date of the 2011 Central Agreement shall also be taken into consideration as part of this review. The parties will determine what, if any, further action(s) should be taken concerning the arbitration process following this review.

The parties have agreed upon the following arbitration schedule for 2011 through 2016.

Panel Arbitrator	Permanent Arbitrator
Discharges, Suspensions	Discharges, Issues, Suspensions
Jan. 2 days East Peoria (except Building KK) open 2 days 1 day Morton	
Feb. 2 days Aurora 2 days Mossville	
Mar. 2 days Open - to be scheduled	open 3 days
Apr. 1 day Mapleton 1 day Building KK (East Peoria) 1 day Specialty Products	
May 2 days Decatur 2 days East Peoria (except Building KK)	
June 1 day Pontiac	open 2 days

	1 day Morton	
	1 day York	
Aug.	2 days Aurora	
	2 days Open – to be scheduled	
Sept.	1 day Morton	open 3 days
	1 day Denver	
Oct.	1 day Pontiac	open 2 days
	1 day Building KK (East Peoria)	
	2 days Open - to be scheduled	
Nov.	2 days Decatur	open 3 days
	2 days Mossville	
Dec.	1 day Mapleton	
	1 day Technical Center and Peoria Proving Ground	
	1 day Building KK (East Peoria)	

It is the objective of the parties to fully utilize the scheduled days of arbitration.

Notwithstanding the above arbitration scheduling, the parties recognize the undesirable effects caused by having a buildup in the number of grievances pending arbitration. Quarterly during the life of the Agreement, representatives from the UAW-Agricultural Implement Department and Corporate Human Relations Office will consider whether such an undesirable buildup exists at any facility. If they agree that it does, the representatives from the UAW-Agricultural Implement Department and Corporate Human Relations Office will meet in an attempt to resolve any grievances pending arbitration by determining whether or not the facts of the case have resulted in a violation of the provisions cited.

The Regional Director of the UAW (or his designated representatives), the Bargaining Chairman, in the case of Local 974 the appropriate Final Step Grievance Chairman, and the Human Relations Manager (or his designated representatives) may attend such meetings.

Letter of Agreement No. 15

During 1979 negotiations the parties discussed the Company's use of contractors to perform work within our Plant Engineering Departments, which the Union claimed should have been performed by UAW bargaining unit employees.

The Company, while noting that during the life of the 1976 Agreement skilled trades employment grew at a faster rate than total employment, appreciates the concerns expressed by individual members of the Bargaining Committee.

It is neither practical nor feasible for the Company to perform all of its plant engineering work with its own work force. The Company shall continue to take into consideration all the factors it has agreed to consider, under Section 16.10, when making those decisions.

The parties also discussed the matter of factory servicemen working on production, Tool Room or Technical Center machines that have been accepted and are operating within the various Caterpillar plants. The parties recognized that in many cases the appropriate craft employee, including a machine repairman, might gain necessary knowledge and experience by

working with the factory representative servicing the production machine.

Therefore, insofar as is practical, the appropriate craft employee will be assigned to work with factory representatives on those production, Tool Room or Technical Center machines which the Company intends to regularly repair and maintain with bargaining unit employees.

Letter of Agreement No. 16

If an employee believes that a request for vacation has been unfairly denied, the employee should bring the request to the attention of the second-level supervisor who will investigate the reason(s) for the denial of the request. If the employee is still dissatisfied with the second-level supervisor's explanation for the denial of the request, the employee's Committeeman will be permitted to discuss the situation with the Human Relations Manager.

Letter of Agreement No. 17

In order to continue attracting and retaining the highest caliber employees to careers in manufacturing, it is mutually beneficial to the community, the Union, and the Company to provide opportunities for exposing students and teachers to such careers. During 1991-1998 negotiations, the Company informed the Union it intended to provide a chance for students and teachers to become more familiar with industrial career opportunities and to provide schools with training

stations for their students. Toward that end, the Company will from time to time designate bargaining unit work assignments for students and/or teachers at the high school or college level. Since the purpose of this program is to provide as broad an exposure as possible in the time allotted, candidates may be rotated periodically among the designated jobs. The work being performed by students and teachers will not result in the displacement or elimination of the on-going need of an employee covered by the Central Agreement. Caterpillar employees will be expected to provide appropriate orientation and assistance to participants in order to maximize the educational experience.

Letter of Agreement No. 18

During negotiations the parties reaffirmed their commitment to seeking new approaches to the ways they conduct their business with each other. Among the subjects discussed in this regard was a mutual concern about the ability to effectively resolve grievances, which were already pending arbitration at some locations, and problems, which may arise during the life of the current Central Agreement. As a result of these discussions, the Union and the Company have agreed that Union and management officials from a facility may by mutual agreement selectively introduce the following jointly developed alternative concept for grievance prevention and resolution.

The parties have agreed that the following principles shall guide the implementation and functioning of this Grievance Prevention and Resolution program:

- Commitment of the International Union and Corporate Human Relations to develop a constructive relationship based on trust and respect.
- Commitment of Plant Management and Local Union leadership to develop a constructive relationship based on trust and respect.
- Agreement by both parties that neither party should give up contractual rights and obligations to resolve grievances.
- Recognition by both parties of the rights and roles of the other party.
- Effort by both parties to resolve grievances at the earliest possible step.
- Commitment of Union representatives not to encourage and to actively discourage the filing of frivolous and/or repetitive grievances.
- Commitment of Company representatives to approach grievance settlement with flexibility and willingness to resolve underlying causes.
- Direction from upper management to supervision to attempt to resolve grievances at the earliest step.
- Direction from Union leadership to shop floor union representatives to attempt to resolve grievances at the earliest step.

- Commitment by both parties that their representatives have the right, the obligation, and the responsibility to resolve grievances at their respective levels.
- Recognition by Company and Union representatives at all levels that the parties will not always agree, but that they can disagree without being disagreeable.
- Commitment by both parties to steady improvement in their ability to work with each other to resolve problems and recognition that neither party should expect an instant turnaround as this approach is implemented.
- Recognition by both parties that their primary purpose is to provide quality products or services to customers and not to win arguments.
- Commitment by both parties to approach problem resolution on the basis of seeking the right solution - "What's right rather than who's right."

An initial explanation of the basic principles will be made to Union and management officials who participate in the grievance procedure at the facility. Once the participants understand their responsibilities under this approach, Union and management officials from that facility shall begin implementation of the process by initiating the grievance prevention program and

attempting to resolve any current grievances at their existing level. In order to permit a full and objective evaluation of these grievances by both parties, it may be necessary to suspend the normal grievance/arbitration procedure.

Top Union and management officials at a facility implementing this procedure shall meet periodically to evaluate the progress of this approach and to reinforce both parties' commitment to its principles.

In conjunction with the implementation of this approach, the arbitration of grievances at that facility may be suspended. Arbitration will continue for the remainder of the other locations, which are covered by the Central Agreement.

The parties will then initiate the following procedure to resolve those grievances, which are pending arbitration as of the agreed implementation date.

1. Within sixty days of the agreed implementation date, members of the appropriate final step grievance committee, the appropriate regional servicing representative and representatives of the International Union shall review these grievances. A list of only those grievances believed to have merit will be submitted to the facility Human Relations Manager. A grievance shall be deemed closed if it is not included on this list.

2. Within thirty days after receiving the Union list, management shall review the identified grievances and submit to the appropriate final step grievance committee a list of proposed settlements for those grievances which management agrees have merit.
3. Within thirty days following delivery of management's list of proposed settlements the parties shall meet and attempt to resolve any remaining grievances.
4. By mutual agreement of facility Union and management officials, grievances that are not resolved by this meeting may be submitted to the mediation procedure contained in Letter of Agreement No. 25. Absent mutual agreement to refer a case to mediation, the case would be automatically returned to the same pending arbitration status it held prior to implementing this procedure.
5. During the final step of the grievance procedure, concurrent with the company's answer of such grievance, either party may declare such grievance exempt from the Grievance Prevention and Resolution Program. Such exempted grievance would be processed as if the resolution program did not exist.

6. Grievances not exempted as provided for above would accumulate and be handled as follows:
 - A. No later than five calendar days following each February 1, May 1, August 1, and November 1 during the life of the Central Agreement, the Final Step Grievance Committee would deliver a list of such grievances to the Human Relations Manager. Prior to such delivery, the members of the Final Step Grievance Committee and the appropriate Regional Servicing Representative will have reviewed such list consistent with the principles and subject to the conditions of the first step of the resolution program.
 - B. Within fifteen days (or longer if mutually agreeable) following delivery of the list to the Human Relations Manager, a meeting will be held during which local management, the final step grievance committee, and the Regional Servicing Representative or his/her designated representative will review and attempt to resolve any remaining grievances.
 - C. By mutual agreement of the final step grievance committee and management, grievances that are not resolved

during this meeting may be submitted to the mediation procedure contained in Letter of Agreement No. 25. Absent mutual agreement to refer a grievance to mediation, the grievance would be automatically returned to the final step of the grievance procedure and would be deemed to be answered at the next regularly scheduled grievance meeting.

- D. Such grievance may then be referred to arbitration in accordance with the provisions of Article 6 of the Central Agreement if the Union is of the opinion that the Company's final step decision is unsatisfactory and that the grievance merits consideration for possible arbitration.

It is agreed that all grievances resolved by utilizing the provisions of this Letter of Agreement No. 18 or Letter of Agreement No. 25 will not set precedent for the resolution of any grievances in the grievance/arbitration procedure.

It is understood this letter and the parties' obligations to implement and participate in this procedure as provided herein can be terminated by either party at any plant or division covered by the Central Agreement upon thirty days notice in writing to the other.

Letter of Agreement No. 19

The parties recognize that under prior arbitration authority, the Company has properly filled job openings by numerous means other than those listed in Section 12.1 of the Central Agreement. During 1986 negotiations, Article 12 was extensively revised. Nevertheless, it is understood that this same arbitration dicta as it relates to the interpretation of Section 12.1 remain in force and effect.

Letter of Agreement No. 20

During negotiations, the parties discussed the difficulties of retaining qualified employees on the Fabrication Specialist-3 and Fabrication Specialist-4 classifications. As a result of these discussions, the parties agreed to the following provisions:

1. Any employee assigned to the Fabrication Specialist-3 or Fabrication Specialist-4 classification at all locations who has been assigned to that classification for a continuous period of two (2) or longer shall be eligible to apply for a Retention Bonus Rate.
2. The Retention Bonus Rate shall be one dollar (\$1.00) per hour for employees in the Fabrication Specialist-4 classification and two dollars (\$2.00) per hour for employees in the Fabrication Specialist-3 classification.

3. In order to apply for a Retention Bonus Rate, an employee must agree in writing to waive for a period of three years all rights to Bid under Article 12 except for the right to Bid to a job at Labor Grade 4 or higher within the NIO to which the employee is currently assigned and the right to bid for the same job on a different shift. Such three-year period shall commence on the date the employee begins to receive the Retention Bonus Rate.
4. The Company will make available to each eligible employee in the Fabrication Specialist-3 or Fabrication Specialist-4 classification a form on which to apply for the Retention Bonus Rate. An eligible employee may apply for the Retention Bonus Rate by completing the form and submitting the form to his/her supervisor.
5. The Retention Bonus Rate shall begin within 30 days of the date the application is submitted to the supervisor.
6. At the conclusion of the three-year period, an employee receiving the Retention Bonus Rate will have the option of either:
 - a. continuing to receive the Retention Bonus Rate and agreeing to waive bidding rights for another three-year period; or

- b. ending the Retention Bonus Rate and resuming all bidding rights under Article 12 of the Central Agreement.
7. The Retention Bonus Rate shall automatically end for any employee who, for any reason, leaves the Fabrication Specialist-3 classification or Fabrication Specialist-4. Concurrent with ending the Retention Bonus Rate, the employee will resume all bidding rights under Article 12 of the Central Agreement.
8. An employee who elects to end the Retention Bonus Rate under 6 (b) above or for whom the Retention Bonus Rate is automatically ended under 7 above may reapply for the Retention Bonus Rate at anytime provided the employee is assigned to the Fabrication Specialist-3 or Fabrication Specialist-4 classification.
9. The Company reserves the right to increase the amount of the retention bonus rate within any business unit or all of the business units.

The parties agree that this Letter of Agreement shall remain in effect only until the expiration of the Central Agreement and shall not be renewed or extended except by express written agreement of the parties.

Letter of Agreement No. 21

REWARD & RECOGNITION PROGRAMS

The parties agree that rewarding and/or recognizing outstanding performance or exemplary behavior by an employee or group of employees is crucial to the success of any business in creating a safe, highly productive work environment with widespread employee involvement and satisfaction. The Company has developed and implemented a wide variety of reward and recognition programs within the different business units over the years to demonstrate its appreciation for employees' efforts. These programs have included, but have not been limited to, such things as clothing (jackets; t-shirts; hats; etc), gift certificates, event tickets, trips, and money. In addition to rewards that may be made under such programs that may already exist in a business unit, the parties agree that the Company, at its discretion within each business unit, may reward individual employees and/or groups of employees with up to \$2000 per employee during each calendar year beginning in January 2013. Nothing in this Letter of Agreement prohibits or restricts the Company's ability to develop and implement other reward and recognition programs within any business unit in the future.

Employees will receive a minimum of \$250 per quarter during the period between 2013 and 2016 under this program. These quarterly payments will be made to employees within sixty days following the end of each calendar quarter.

The opportunity exists to earn up to a maximum of \$2000 per year under this program if performance metrics are achieved for an employee's plan.

Minimum payments will be discontinued beginning in 2017 and employees' payments will be based solely on the results in achieving a plan's performance metrics during each quarter.

Letter of Agreement No. 22

During the 1988 negotiations the parties discussed the dilemma faced by laid-off employees who have medical restrictions. In the past there have been instances where an employee was on layoff status and could not be recalled in line with his seniority and qualifications because of medical restrictions. In such cases the employee, upon subsequent recovery (full or partial), then was required to wait for another opening before being recalled on the basis of qualifications and then current medical condition. Employees in such circumstances were confronted with the possibility of having their seniority broken prior to jobs becoming available which fit their medical restrictions.

In order to address this situation the parties agreed to provide such employees with an additional opportunity to be returned to work in the following circumstances. In the event an employee's medical restrictions are removed or modified to the extent such employee could perform a job in an IO or NIO, the laid-off employee shall displace the employee with the least seniority who is assigned to such job provided:

- (i) in the case of a job in the IO, such employee has more seniority than an employee who is performing such job and possesses all basic qualifications and abilities necessary to perform the job within a reasonable period as defined in Section 13.5(i) of the Central Agreement, or
- (ii) in the case of a job in an NIO, such employee has more seniority than an employee who is performing such job and has previously performed such job.

The employee who is displaced as a result of this Letter of Agreement shall thereafter be placed in accordance with the provisions of Section 13.5 of the Central Agreement.

Letter of Agreement No. 23

CATERPILLAR JOB SECURITY PROGRAM

The Company and the Union have agreed to provide the following Caterpillar Job Security Program (hereinafter referred to as CJSP or the Program). The cornerstone of the Program is the Company's commitment that eligible employees will not be subject to indefinite layoff during the term of this Letter of Agreement except as provided herein. The Program has been designed to, in part, protect employees against indefinite layoffs resulting from outsourcing and other managerial actions. However, it should not be inferred from the provisions contained herein that the Program

either adds to or detracts from the Company's rights to outsource or take other actions that are otherwise not restricted by the Central Agreement.

I. Definitions

- A. Active Employee — Active employees, for the purposes of this Letter of Agreement, shall include employees actively at work and those employees not at work due to time off for vacation, paid absence allowance, bereavement, jury duty or witness service, unexcused absence, short-term illness including short-term disability and Workers' Compensation, short-term personal leave, LTD, union leaves of absence, or any other leave of absence. Active employees shall exclude supplemental employees, and all employees on indefinite layoff.

- B. Attrition — Attrition means CJSP-eligible employees who retire, die, quit, or otherwise cease to be employed by the Company in a business unit on a job in a bargaining unit covered by this Program. For all purposes under this Program, a CJSP-eligible employee's attrition date shall be deemed to be the last day actually worked by the employee.

- C. **Business Unit** — Business unit(s) means those business unit(s) or divisions identified in Section 4.7 of the Central Agreement.
- D. **Eligible Employee** — An eligible employee shall be an employee within the bargaining unit within one of the business units who meets one or more of the following qualifying conditions:
- i. Was an active employee in the business unit (excluding Memphis and York) as of June 6, 1992; or
 - ii. Was recalled to work in the business unit after June 6, 1992, and has received 78 weeks of pay following such recall (excluding Memphis and York); or
 - iii. Was hired or rehired to work in the business unit after June 6, 1992 but prior to January 10, 2005, and has received 260 weeks of pay following such hire or rehire (excluding Memphis and York); or
 - iv. Was hired or rehired to work in the business unit on or after January 10, 2005 and has received 624 weeks of pay following such hire or rehire (excluding Memphis and York); or

- v. Was moved into a business unit from another business unit in accordance with the applicable provisions of the Central and Local Agreements, or was Company transferred from one business unit to another business unit, and in either case was an eligible employee in the previous business unit.
- E. Nonqualifying Actions — Nonqualifying actions are those against which CJSP-eligible employees are not protected and which may result in a reduction of the benefits provided under this Program including a reduction in the forty hours of available work and/or pay in each workweek. They include:
- i. Temporary layoffs due to material shortage, equipment failure, power failure, labor dispute, plant re-arrangement, retooling, or other circumstances as provided in Section 13.2 of the Central Agreement and/or the applicable Local Agreement;
 - ii. Participation in strikes, walkouts, or other forms of labor disputes;

- iii. Reductions in force occurring as a result of strikes, walkouts, and other forms of labor disputes;
- iv. Reductions arising out of or resulting from Acts of God, terrorism, war, or other events beyond the Company's control;
- v. A sale of the Company or all facilities within a bargaining unit (as defined in Section 2.1 of the Central Agreement) which shall terminate this Letter of Agreement and all of the benefits hereunder for all affected employees, as of the closing date of the sale;
- vi. Any Complete Plant Closing as defined in Section 16.10 of the Central Agreement; or
- vii. Temporary Shutdowns/Layoffs for the purpose of reducing or avoiding an increase in inventory of finished products because of sales prospects as provided in Section 13.6 of the Central Agreement and/or the applicable Local Agreement.

An employee affected by any of the above nonqualifying actions will, if otherwise eligible, be covered by other benefits and obligations that may exist under other negotiated agreements between the parties.

- F. **Qualifying Actions** — A qualifying action is any event that would, absent the protections provided herein, result in the indefinite layoff of a CJSP-eligible employee. Qualifying actions shall include, but not be limited to, sourcing decisions, introduction of technology, productivity improvements, consolidation of operations, and volume reductions; they shall exclude actions or events specified in Section I (E).
- G. **Weeks of Pay** — Weeks of pay shall include weeks: during which an active employee works in the bargaining unit; during which the employee is on vacation under the provisions of Section 9.3 of the Central Agreement; or for which the employee receives pay from the Company for holidays, paid absence allowance, jury duty or witness service, temporary military service, or bereavement under the provisions of Sections 15.1, 15.2, 15.3, 15.4, and/or 15.5 of the Central Agreement. Receipt of any other benefits or pay, including pay or benefits received with respect to leaves of absence (except for local union leaves of absence) and/or layoffs, shall not be credited toward

any weeks of pay requirement under the provisions of this Program.

II. Benefits

The obligation to provide benefits hereunder shall not arise unless one or more qualifying actions would otherwise result in the lay-off (other than layoffs described under “nonqualifying actions” above) of a CJSP-eligible employee. The benefits provided under this Program can be generally defined as the opportunity for active work and/or other constructive activities and assignments provided for in Section V below for at least forty hours in each work-week or for forty hours’ straight-time pay if no work or activities are assigned or for some combination thereof.

III. Losing Eligibility

An otherwise eligible employee shall lose the rights and benefits of that status under the following circumstances:

- i. Discharge for “just cause”;
- ii. Disciplinary suspension (for the period of the suspension);
- iii. Voluntary termination or for any reason whereby the employee ceases to be an active employee as defined above;

- iv. Retirement;
- v. Death;
- vi. Refusing placement into a CJSP Pool;
- vii. Refusing assignment once in a CJSP Pool; if a discharged or separated employee who previously was an eligible employee is subsequently reinstated, the ineligibility shall be reinstated.

IV. Indefinite Layoffs

Employees who are not eligible employees may be placed on indefinite layoff even if their seniority (including preferential seniority) is greater than the seniority of eligible employees who are retained at work.

Employees who refuse placement in the CJSP Pool or who refuse an assignment after being placed in a CJSP Pool may be placed on indefinite layoff even if their seniority (including preferential seniority) is greater than the seniority of eligible employees who are retained at work.

V. CJSP Pools

- A. In the event that declining manpower needs and the application of the reduction-in-force procedures would otherwise cause an eligible employee(s) to be placed on indefinite layoff, then

such employee(s) will be placed in a CJSP Pool.

- B. The parties recognize that the scope of this program requires flexibility with regard to the assignment by the Company of duties and activities to Pool employees and the selection of Pool employees for training. An employee in the Pool may be
- (i) placed in a training program,
 - (ii) used as a replacement to facilitate the training of another employee,
 - (iii) given a job assignment within or outside the bargaining unit which may be nontraditional,
 - (iv) placed in an existing opening, or
 - (v) given other assignments consistent with the purposes of this Program (including assignments to work in another business unit within the geographic area).

In the event that the Company assigns no duties to a CJSP Pool employee, he or she shall remain available for assignment upon reasonable notice in accordance with rules and procedures established by the Company for administration of the CJSP Pool.

C. CJSP Pool Guidelines

- i. An employee in the Pool will receive the regular straight-time hourly rate of pay the employee last held prior to after being placed in the Pool. In the event an employee in the Pool is assigned to another classification, the employee will receive the rate of pay for that classification as provided by the Central Agreement.
- ii. Pool assignments will be considered temporary and not subject to provisions governing permanent filling of vacancies or the application of shift preference.
- iii. When, for training purposes, a non-Pool employee is replaced by a Pool employee and is given a different work assignment, such non-Pool employee will continue to receive his/her regular straight-time hourly rate of pay and will be returned to the same classification and job assignment upon completion of the training assignment. In the event the employee has insufficient seniority to return to the formerly held classification, the employee will be

placed pursuant to the applicable provisions of the Central and Local Agreements.

- iv. A training assignment will be voluntary on the part of a non-Pool employee being replaced by a Pool employee, unless such training is to develop or improve technical skills relevant to the employee's current job assignment or anticipated future job needs.
- v. An employee may decline the opportunity to be assigned to the Pool or, while in the Pool, decline an assignment. In such event, the employee will no longer be an eligible employee under this Program and will be laid off until entitled to recall to a non-Pool position. In no case may the employee then claim a violation of seniority rights because a lesser seniority employee is in the Pool or on a job assignment regardless of the lesser seniority employee's job assignment.

VI. Administration

A National CJSP Committee will be established at the Company-International Union level

consisting of three representatives selected by the Company and three representatives selected by the UAW Caterpillar Department. The National CJSP Committee will meet periodically as required to:

- A. Review the number of eligible employees and the size, if any, of CJSP Pools;
- B. Monitor the placement of employees who are assigned to a CJSP Pool;
- C. Review the work assignments of Pool employees to nontraditional work assignments;
- D. Review any complaint regarding the administration of the Caterpillar Job Security Program;
- E. Jointly develop and initiate proposals to improve operational effectiveness in order to secure existing jobs, and to attract customers and additional business in order to provide additional job opportunities.

The National CJSP Committee is specifically empowered to periodically review and evaluate the operation of this Letter of Agreement and make mutually satisfactory adjustments to its provisions during the term of this Letter of Agreement.

VII. Duration

This Program shall become effective on the Monday following the ratification of the Central Agreement and shall remain in effect until midnight February 28, 2017, and shall not be renewed or extended except by express written agreement of the parties.

Letter of Agreement No. 24

As a result of deep concern about job security in our negotiations and the many discussions, which took place over it, this will confirm that until March 1, 2017, the Company will not close any facility covered by the Central Agreement, excluding Memphis and York_

It is understood that conditions may arise that are beyond the control of the Company; e.g., act of God, terrorism, war, etc. Should these conditions occur, the Company will discuss such conditions with the Union.

Letter of Agreement No. 25

The parties agree that experience indicates the mediation process has advantages as an alternative to the regular arbitration procedure. Therefore, each facility covered by the Central Agreement may, by mutual agreement of Union and management officials at that facility, and with the involvement and assistance of the International Union and Corporate Human Relations, implement this mediation procedure.

The parties recognize that mediation is not appropriate to deal with a large and/or growing backlog of grievances pending arbitration. Therefore, prior to the initial implementation of a mediation procedure at a facility having such a backlog, the jointly developed grievance prevention and resolution concept provided in Letter of Agreement No. 18 will be implemented. At a facility where a large or growing backlog is not a problem, facility Union and management officials may by mutual agreement submit grievances to mediation.

The mediation procedure will consist of the following:

- A. Grievances that have been referred to arbitration may be taken out of the backlog and referred to mediation by mutual agreement of facility management and final step grievance committee(s).
- B. Unless by mutual agreement otherwise, grievances referred to mediation shall be heard in the chronological order of their referral. A grievance referral date for the purposes of mediation will be considered to be the initial date on which a grievance was referred to arbitration.
- C. Mediation conferences will be informal. There will be one spokesperson for each party. Presentation of evidence is not limited by formal rules of evidence. Each party's presentation will be limited to a maximum

of twenty minutes. The mediator will be allowed to meet privately with each party. There will be no record made of the mediation hearing.

- D. The Grievant shall have the right to be present at the mediation conference. If the issue involves a group grievance or multiple grievances on the same issue, these grievances will be consolidated and one employee will represent all Grievants.
- E. If no settlement is reached during the mediation conference, the mediator shall provide the parties with an immediate advisory oral opinion and the grounds for this opinion unless both parties agree that no opinion shall be provided. Either party may reject the advisory opinion.
- F. A mediator's rendering of an opinion will neither be considered evidence nor establish precedent for any purpose in the arbitration procedure provided by Article 6 of the Central Agreement. Further, nothing said or done by either party in a mediation conference may be referred to or used in any other grievance or mediation conference or used against that party in any grievance procedure discussion or arbitration, unless it was also said or done in a prior step of the grievance procedure.

- G. Each party will bear their own expenses, and the expenses of the mediator will be divided equally between the parties.
- H. Grievances not settled during the mediation conference may be returned to the regular arbitration procedure. A grievance that is returned to arbitration will be returned to the same pending arbitration status it held prior to implementing this procedure. The Company must be notified in writing of the Union's intention to return a grievance to the arbitration procedure within thirty days of the mediation conference or the grievance will be deemed closed.
- I. In the event a grievance that was mediated goes to arbitration, no person that served as mediator may serve as arbitrator of that grievance.

Letter of Agreement No. 26

Employees hired or recalled after March 23, 1998 who are assigned to jobs in Labor Grades 1 or 2 in Morton or Memphis shall be subject to the provisions of this Letter of Agreement No. 26.

Employees hired or are called after April 6, 1992, who are assigned to jobs in Labor Grades 1 or 2 in the York Distribution Center or Denver Distribution Center shall be subject to the provisions of this Letter of Agreement No. 26.

The basic hourly rates of pay for employees who are subject to the provisions of this Letter of Agreement No. 26 are set forth in the Appendix A to the 2011 Central Agreement.

Employees on each rate schedule shall receive a \$.25 per hour increase every 26 weeks of active work until they reach the maximum rate of such rate schedule.

The Company reserves the right to increase the rates for employees and/or adjust the number of rate steps on the rate schedule within any business unit or all of the business units which are covered by this Letter of Agreement.

Notwithstanding the forgoing provisions of this Letter of Agreement, active employees in a Caterpillar Logistics Services facility on March 23, 1998 who were not subject to the above-identified rate schedule prior to March 23, 1998, and who may subsequently be placed on layoff and then recalled, shall not be subject to the provisions of this Letter of Agreement.

Employees who are subject to this Letter of Agreement will be paid the hiring rate of the job classification to which they are assigned if placed on a job outside of Labor Grades 1 or 2 at a Caterpillar Logistics Services facility or on a job in any other business unit.

Letter of Agreement No. 27

Supplemental Employees

- A. The parties to the Central Agreement recognize that the Company's Business Units encounter fluctuations in employment needs due to the cyclical nature of their business. Therefore, within each Business Unit, in order to provide stable employment and job security to our regular employees, the Company may, as the need arises, in addition to sourcing of work in accordance with the provisions of Section 16.10, employ the services of supplemental employees to perform bargaining unit work.
- B.
1. Supplemental employees are either:
 - a. Employees hired or contracted by the Company to work forty (40) or more hours per week on a temporary but indefinite basis; or
 - b. Employees hired or contracted by the Company to work less than forty (40) hours per week.
 2. As an aggregate within each business unit, the total number of supplemental employees may not exceed the higher of twenty-five employees (five employees when there are fewer than fifty regular bargaining unit employees) or twenty percent (20%) of the number of regular

bargaining unit employees within the Business Unit. Except at Caterpillar Logistics Services facilities, no more than one-quarter of the supplemental employees within a Business Unit may be hired by the Company to work less than forty (40) hours per week. The foregoing limitations on the number of supplemental employees in this paragraph B (2) may be exceeded for a specific business unit by written mutual agreement between the Company and the Chairman of the Bargaining Committee for such business unit.

Notwithstanding the foregoing provision of this Letter of Agreement No. 27, if the Company elects to return material handling/logistics work that had been outsourced to a supplier to the bargaining unit and utilizes supplemental employees who are assigned to jobs in Labor Grade 1 and/or Labor Grade 2 to perform such work, the number of supplemental employees performing such work will not be considered part of the total number of supplemental employees within the Business Unit for purposes of this Letter of Agreement No. 27.

3. The Company will not be obligated to separate supplemental employees to maintain the limits outlined in paragraph

B (2) above, except in conjunction with a reduction in force resulting in a layoff of regular employees.

- C. The Company will not use supplemental employees in lieu of recalling laid-off employees to their business units unless there are either (1) rare and unusual circumstances where qualified, laid-off employees are not available or (2) anticipated short-term needs where the recall of a laid-off employee is not warranted. If either of these situations arises, the Company will review the matter with the Union and will give consideration to the Union's position before using supplemental employees.
- D. In the event of a reduction in force, a regular employee will displace a supplemental employee who is on a job that the regular employee is qualified to perform and to which the regular employee is contractually entitled.
- E. Contractual rights, seniority rights, and benefits, except those required by statute or those which the Company, at its discretion, may provide, shall not accrue to supplemental employees.
- F. Supplemental employees shall receive the same pay rate as would a newly hired regular employee assigned to the same job classification within that business unit.

- G. Notwithstanding the provisions of Section 7.4 of the Central Agreement, eligible supplemental employees shall only be paid a night shift premium of \$.30 per hour.
- H. Notwithstanding the provisions of Section 7.7 of the Central Agreement, supplemental employees shall only be paid time and one-half for work in excess of forty hours in any week.
- I. Such supplemental employees may be terminated at any time for any reason. No claim of wrongful termination or discharge of a supplemental employee shall be taken up as a grievance, unless such claim is based on alleged personal prejudice or Union activity. Such grievances must be in writing and supported by written evidence. The foregoing provision shall not prohibit a supplemental employee from filing a grievance alleging a violation of other contractual provisions applicable to such employee.
- J. A supplemental employee will not be assigned to a job if there is a regular employee working on the same job but on a different shift and whose Prefiled Shift Preference form indicates the shift of first preference is the same as the shift of such job. Instead, the regular employee already on the same job on a different shift, with

such Prefiled Shift Preference form on record for at least forty calendar days, shall be moved to such job. No more than two shift changes shall be made under this paragraph for each original job.

- K. If a supplemental employee is hired as a regular employee, the employee shall receive credit with all workdays as a supplemental employee for purposes of completing the employee's probationary period under Section 11.1 of the Central Agreement.

- L. Once a supplemental employee has been continuously employed by the Company for a period of twenty-four (24) months, the employee shall be offered regular employment. If the supplemental employee accepts this offer, the employee shall be hired to regular employment at the beginning of the first pay period following acceptance of the offer, except that such employee will be placed on the same rate step of the job classification to which the Company hires such employee as the rate step to which such employee was assigned as a supplemental employee, regardless of job classification, on the day preceding such employee's first day of regular employment. If the supplemental employee refuses an offer of regular employment, then such individual shall remain a supplemental employee and the Company shall not

be obligated to make additional offers of regular employment to such individual.

Notwithstanding the foregoing provision of this subsection (L), the Company shall not be obligated to offer regular employment to supplemental employees who are performing material handling/logistics work that had been outsourced to a supplier and returned to the bargaining unit.

Letter of Agreement No. 28

During 2011 negotiations the Union expressed concerns with the duration of temporary assignments. The Company endeavors to manage temporary assignments in a fashion least disruptive to employees, however, certain situations may require temporary assignments of a longer duration. For a temporary assignment that exceeds 6 months, the employee on such temporary assignment or the employee's steward may bring the situation to the attention of the second-level supervisor who will investigate the reason(s) for the need to continue the temporary assignment. If the employee or the steward is dissatisfied with the second-level supervisor's explanation, the appropriate committeeman will be permitted to discuss the situation in a final step meeting.

Letter of Agreement No. 29

Letter of Agreement No. 26 of the Central Agreement provides a separate wage schedule for those

employees who are hired or recalled to jobs in Labor Grade 1 or 2 at a Caterpillar Logistics Services business unit. It is agreed that employees who are recalled to a job in Labor Grade 1 or 2 at the Global Distribution Center (Morton) after the effective date of the Central Agreement will have the right to accept or refuse such recall offer without affecting their recall rights to facilities covered by the Central Agreement.

Letter of Agreement No. 30

Vacation and separation payments for each employee covered by the 2011 Central Agreement shall be administered through January 1, 2012 in accordance with the provisions of Article 9 of the 2004 Central Agreement with the following exceptions:

1. Employees will not be able to postpone or carry over any week of vacation into a subsequent "base period".
2. The last "base period" for purposes of taking vacation under this Letter of Agreement shall be May 23, 2011 through January 1, 2012.

Letter of Agreement No. 31

During the 2004 Central Agreement a significant number of reductions in force occurred. Some employees were moved from jobs in a NIO and had sufficient seniority to be retained on jobs in an IO. These

employees, therefore, never had an opportunity to be considered for placement on a job in another NIO under Section 13.5 (f) of the 2004 Central Agreement. Significant modifications were made to the provisions of Section 13.5 of the Central Agreement during 2011 negotiations that result in such employees never having an opportunity to be considered for placement on a job in another NIO prior to being placed on layoff should a reduction in force occur in the future. The parties have agreed, therefore, that such employees will be given an opportunity for placement in accordance with the provisions of Section 13.5 (d) of the 2011 Central Agreement prior to being placed on layoff should a reduction in force occur during the life of the 2011 Central Agreement.

Letter of Agreement No. 32

During 2004 and 2011 negotiations, the Company and the Union had extensive discussions regarding the need to address the problems of alcoholism and drug addiction as it impacts the troubled worker, workplace, and fellow employees. Recognizing the need to promote healthy and safe lifestyles; the workplace dangers that can be created through the use of illegal drugs, alcohol or misused prescription drugs; the Company's long standing prohibition on possession or use of such substances on Company property; and the Company's status as a Federal contractor that requires it to maintain a drug-free workplace, the parties have agreed to implement the following process design:

1. It will include provision for random and reasonable suspicion testing.
 - a. "Reasonable suspicion" is defined as those circumstances, that would cause a reasonable person to believe that the employee is demonstrating signs of impairment. "Signs of impairment" include, but are not limited to, such things as the employee having difficulty maintaining balance, slurred speech, erratic or atypical behavior, or otherwise appearing unable to perform his job in a safe manner. The following items will not be used as the exclusive basis for "reasonable suspicion" testing: poor attendance, untidy appearance, failure to meet production or quality standards, or merely being involved in an accident.

In the event that reasonable suspicion testing is requested, the member of management requesting the testing will consult with a member of management who has received training on recognizing the symptoms and signs of drug and alcohol use to provide corroboration regarding the need for testing.

- b. The number of employees selected for random testing, on an annual basis, will not exceed 12% of the employees at any business unit.

2. It will utilize drug thresholds and collection procedures consistent with those of either the Department of Transportation or the Department of Health and Human Services.
3. Employees who test “in compliance” will not lose any pay for regularly scheduled or overtime hours due to testing procedures or related-travel time, there will be no impact on future job opportunities, and no written record of testing will be included in the employee’s work history folder.
4.
 - a. Employees who are “not in compliance” as a result of any reasonable suspicion testing will be discharged. Eligible employees will have one opportunity for treatment and rehabilitation at Company expense, under the terms of a “Last Chance Agreement” and will be on a disciplinary suspension pending successful completion of a treatment program and an “in compliance” return-to-work test. The opportunity for treatment, rehabilitation and reinstatement under the terms of a Last Chance Agreement will be extended only to those employees who have over two years of seniority at the time the employee is determined to be “not in compliance” as a result of any testing

- b. Employees who are “not in compliance” as a result of any random testing will be treated as follows:

Upon the first “not in compliance” test, employees, with greater than two years of seniority at the time of testing, will be placed on disciplinary suspension for 30 days and will be required to successfully complete all recommended treatment, at Company expense, and provide an “in compliance” return to work test. Employees with less than two years of seniority will be discharged upon the first “not in compliance” test.

For eligible employees, upon the second “not in compliance test”, the employee will be discharged. Such employees will have one opportunity for treatment and rehabilitation, at Company expense, under the terms of a “Last Chance Agreement” and will be on a disciplinary suspension pending successful completion of a treatment program and an “in compliance” return-to-work test. The opportunity for treatment, rehabilitation and reinstatement under the terms of a Last Chance Agreement will be extended only to those employees who have over two years of seniority at the time the employee is determined to be “not in compliance” as a result of any testing.

5. Once an employee signs a Last Chance Agreement, the Union will not file or pursue a grievance on behalf of employees if they test "not in compliance."
6. Employees who successfully return to work will be subject to targeted, unannounced testing for a reasonable period after their return not to exceed three years.
7. The process will include the involvement of the Employee Assistance Program (EAP) and Company medical services, but will not preclude the use of a professional health care provider or laboratory in the execution of the procedures and processes to be used.
8. It will comply with all applicable privacy practices for any records related to the testing process.
9. This process does not impede in any way the Company's right to take disciplinary action at any time, up to and including discharge.
10. An employee who voluntarily enters a treatment program after submitting to a test, but prior to receiving the results of that test, will be subject to the same limited opportunity for treatment and rehabilitation as described above in Section 4.

11. Unless selected for random or reasonable suspicion testing, the process will have no impact on an employee who voluntarily presents themselves to the EAP or Company medical services for assistance with a drug or alcohol problem.
12. The above process will be reviewed with the business unit grievance committee prior to implementation in their business unit, and once implemented, must be available for inspection at the facility.
13. The Company will provide employees with information and training concerning this Letter of Agreement, including the reasons for the program, available EAP support, methods of referring employees, and testing conditions.
14. Employees who refuse to participate in testing will be subject to discharge.

Letter of Agreement No. 33

During the 2011 negotiations the parties discussed the potential adverse impact on the Company's operations if a significant number of employees were to retire in the first few months following the effective date of the 2011 Central Agreement. The parties agreed to provide a bonus of \$500 less required deductions to employees who delayed their retirements in accordance with the following schedule:

Age On Retirement Date	Years of Credited Service Upon Retirement	Retirement Date
65	5 or more	May 1, 2011
60	10 or more	May 1, 2011
	41 or more	May 1, 2011 or later
	38 or more	June 1, 2011 or later
	36 or more	July 1, 2011 or later
	34 or more	August 1, 2011 or later
	32 or more	September 1, 2011 or later
	30 or more	October 1, 2011 or later

This bonus will be paid to an employee upon his retirement.

This bonus will be discontinued effective January 2, 2012.

Letter of Agreement No. 34

Each employee who is actively working on November 7, 2011 shall receive a lump sum payment of \$2000 not later than November 18, 2011.

Each employee who is actively working on November 5, 2012 shall receive a lump sum payment of \$2000 not later than November 16, 2012.

**BASIC HOURLY RATES OF PAY
APPENDIX A**

(Applicable to employees in Local Unions Nos. 751, 786, 974, 1415, 2406 and 2096
except those employees specified in Letter of Agreement No. 26.)

1	11.30	11.55	11.80	12.05	12.30	12.55	12.80
2	13.95	14.20	14.45	14.70	14.95	15.20	15.45
3	15.24	15.59	15.94	16.29	16.64	16.99	17.34
4	17.13	17.47	17.77	18.07	18.37	18.67	18.97
5	19.70	20.05	20.40	20.75	21.10	21.45	21.80
6	22.48	22.79	23.10	23.41	23.72	24.03	24.34

BASIC HOURLY RATES OF PAY
APPENDIX A

(Applicable to employees in Local Union No. 145)

1	11.67	11.92	12.17	12.42	12.67	12.92	13.17
2	13.90	14.15	14.40	14.65	14.90	15.15	15.40
3	15.38	15.73	16.08	16.43	16.78	17.13	17.48
4	17.29	17.58	17.89	18.20	18.51	18.82	19.13
5	19.70	20.05	20.40	20.75	21.10	21.45	21.80
6	22.73	23.04	23.35	23.66	23.97	24.28	24.59

BASIC HOURLY RATES OF PAY
APPENDIX A

(Applicable to employees in Local Union No. 786
specified in Letter of Agreement No. 26)

1	8.50	8.75	9.00	9.25	9.50	9.75	10.00	10.25
	10.50	10.75	11.00	11.25	11.50	11.75	12.00	
2	12.73	12.98	13.23	13.48	13.73	13.98	14.23	14.48
	14.73	14.98	15.23	15.48	15.73	15.98	16.23	

BASIC HOURLY RATES OF PAY
APPENDIX A

(Applicable to employees in Local Union No. 974
specified in Letter of Agreement No. 26)

1	9.50	9.75	10.00	10.25	10.50	10.75	11.00	11.25
	11.50	11.75						
2	12.95	13.20	13.45	13.70	13.95	14.20	14.45	14.70
	14.95	15.20						

BASIC HOURLY RATES OF PAY
APPENDIX A

(Applicable to employees in Local Union No. 1415
specified in Letter of Agreement No. 26)

1	10.00	10.25	10.50	10.75	11.00	11.25	11.50
	11.75	12.00	12.25	12.50	12.75	13.00	
2	13.90	14.15	14.40	14.65	14.90	15.15	15.40
	15.65	15.90	16.15	16.40	16.65	16.90	

BASIC HOURLY RATES OF PAY
APPENDIX A

(Applicable to employees in Local Union 2406
specified in Letter of Agreement No. 26)

1	8.00	8.25	8.50	8.75	9.00	9.25	9.50	9.75
	10.00	10.25						
2	10.90	11.15	11.40	11.65	11.90	12.15	12.40	12.65
	12.90	13.15						

SUPPLEMENTARY BASE RATE SCHEDULE
APPENDIX A
 (Applicable to employees in Local Union 974)

Machining Technologist	6-1	6-2	6-3	6-4	6-5	6-6	6-7	6-7	times 1.0217
Metrology Technologist									
Fabrications/Process Technologist									
Weld Technologist									
Heat Treat Process Technologist (Technical Center and Peoria Proving Ground)									
Machine Repair Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	6-1*
Maintenance Mechanic Apprentice	60%	70%	80%	90%	6-1*				

Toolmaking Apprentice	60%	70%	80%	90%	6-1*				
Machine Shop Trainee	60%	70%	80%	90%	3-1*				
Machinist Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	3-1*
Welding Trainee	60%	70%	80%	90%	3-1*				
College Graduate Trainee	4-4								
Cooperative Trainee	60%	65%	70%	75%	80%	85%	90%	4-4	
Associate Degree Trainee	60%	65%	70%	75%	80%	90%	4-3		
College Undergraduate Trainee	60%	65%	70%	75%	80%	90%	4-3		
Electrician Trainee	60%	70%	80%	90%	6-1*				
Machine Repair Trainee	60%	70%	80%	90%	6-1*				
Maintenance Mechanic Trainee	60%	70%	80%	90%	6-1*				

Toolmaking Trainee	60%	70%	80%	90%	6-1*
Foundry Machine Repair Trainee	60%	70%	80%	90%	6-1*
Sheet Metal Trainee	60%	70%	80%	90%	3-1*
Electrician Apprentice	60%	70%	80%	90%	6-1*
Foundry Machine Repair Apprentice	60%	70%	80%	90%	6-1*

*Minimum Graduating Rate

SUPPLEMENTARY BASE RATE SCHEDULE
APPENDIX A
 (Applicable to employees in Local Union No. 145)

2X19 Cooperative Trainee	60%	65%	70%	75%	80%	85%	90%	4-4	
2X31 Electrician Apprentice	60%	70%	80%	90%	6-1*				
2X37 Heat Treat Apprentice	60%	65%	70%	75%	80%	90%	3-1*		
2X10 Machine Repair Apprentice	60%	70%	80%	90%	6-1*				
2X13 Machine Shop Trainee	60%	70%	80%	90%	3-1*				
2X15 Machinist Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	3-1*
2X12 Toolmaking Apprentice	60%	70%	80%	90%	6-1*				

2X38 Welding and Fabricating Trainee	60%	70%	80%	90%	3-1*
2X35 Maintenance Mechanic Apprentice	60%	70%	80%	90%	5-1*
2X45 Electrician Trainee	60%	70%	80%	90%	6-1*
2X42 Maintenance Mechanic Trainee	60%	70%	80%	90%	5-1*
2X44 Toolmaking Trainee	60%	70%	80%	90%	6-1
2X43 Machine Repair Trainee	60%	70%	80%	90%	6-1*

* Minimum Graduating Rate

Supplementary Base Rate Schedule
Appendix A
 (Applicable to employees in Local Union No. 751)

2X20 Associate Degree Trainee	60%	65%	70%	75%	80%	90%	4-3		
2X18 College Graduate Trainee	4-4								
2X19 Cooperative Trainee	60%	65%	70%	75%	80%	85%	90%	4-4	
2X31 Electrician Apprentice	60%	70%	80%	90%	6-1*				
2X13 Machine Shop Trainee	60%	70%	80%	90%	3-1*				
2X15 Machinist Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	3-1*
2X12 Toolmaking Apprentice	60%	70%	80%	90%	6-1*				

2X16 Welding Trainee	60%	70%	80%	90%	3-1*				
2X10 Machine Repair Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	5-1*
2X40 Maintenance Specialist Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	6-1*
2X36 Maintenance Mechanic Apprentice	60%	70%	80%	90%	6-1*				

*Minimum Graduating Rate

Supplementary Base Rate Schedule
Appendix A
 (Applicable to employees in Local Union No. 2096)

2X31 Electrician Apprentice	60%	70%	80%	90%	6-1*				
2X18 College Graduate Trainee	4-4								
2X13 Machine Shop Trainee	60%	70%	80%	90%	3-1*				
2X15 Machinist Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	3-1*
2X12 Toolmaking Apprentice	60%	65%	70%	75%	80%	85%	90%	95%	6-1*
2X36 Maintenance Mechanic Apprentice	60%	70%	80%	90%	6-1*				

*Minimum Graduating Rate

Memorandum of Agreement
Employees Hired Prior to January 10, 2005

The 2004 Central Agreement is amended as hereinafter provided for employees hired prior to January 10, 2005. These modifications shall be applicable to such employees for the duration of the 2011 Central Agreement. This Memorandum of Agreement shall not be applicable to any employee who upon the expiration of the 1998 Central Agreement was subject to the provisions of Letter of Agreement No. 26 of the 1998 Central Agreement.

- (1) The first paragraph of Section 9.2 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

- (9.2) Each employee having less than ten years of service with the Company at the end of the month, in which the "base period" terminated, shall be eligible for 120 vacation hours. Each employee having ten or more years of service with the Company at the end of the month in which the "base period" terminated, shall be eligible for 160 vacation hours. Each employee having twenty or more years of service with the Company at the end of the month in which the "base period" begins, shall be eligible for 200 vacation hours.

(2) Section 9.5 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

(9.5) The vacation payment shall be an amount in addition to the employee's regular wages and shall be computed as a percentage of the total amount of such regular wages earned by the employee during the preceding payroll year, less required deduction. The percentage to be used in computing an employee's vacation payment shall be as set forth in the schedule below:

- a. For an employee having less than 10 years of service with the Company at the end of the month in which the "base period" terminates, the applicable percentage shall be six percent.
- b. For an employee having 10 or more, but less than 20 years of service with the Company at the end of the month in which the "base period" terminates, the applicable percentage shall be eight percent.
- c. For an employee having 20 or more years of service with the

Company at the end of the month in which the “base period” terminates, the applicable percentage shall be ten percent.

Pay for vacation time shall be deducted from the employee’s vacation payment as vacation time is taken and shall be made at the employee’s then current straight-time hourly rate for each authorized vacation hour until the vacation payment is exhausted. Vacation pay shall be included with the employee’s regular pay for the pay period in which the vacation time was taken. Payment for any remaining portion of the employee’s vacation payment will be made to the employee following the end of the base period and no later than February 15.

- (3) Section 11.2 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

(11.2) Seniority in one of the business units specifically set forth in Section 2.1 of this Agreement shall be measured from an employee’s last date of hire into the bargaining unit or the unit which currently constitutes such bargaining unit.

If an employee who has never worked in a bargaining unit as

described above transfers into any such bargaining unit, either at his request or the Company's request, his "date of hire" will be considered the date of such transfer. Seniority with respect to any one such bargaining unit is broken for the following reasons only:

1. If the employee quits.
2. If the employee is discharged and not reinstated.
3. If the employee refuses, while laid off, to accept a recall to work (issued by the Company), or fails to report for work in accordance with such recall within ten calendar days after the mailing by certified letter mailed to the employee's last known address. The Company will grant an extension to the ten-day period if, prior to the expiration of the ten-day period, satisfactory reason is given for the employee's inability to immediately report for work.
4. If an employee has been laid off for a period greater than his accumulated seniority at time of

layoff. (However, this shall not apply during the first two years of layoff.)

5. If an employee fails, unless satisfactory reason is given, to report for work by his fourth scheduled workday following a temporary layoff under the provisions of Section 13.6 of this Agreement or any other lay-off where the return to work date has been announced prior to the beginning of such layoff and such employee has received written notice of such date.

6. If an employee (other than a laid off employee whose seniority has not been broken under the foregoing provisions of this Section 11.2) accepts employment at a location that is not within the geographical limits of the bargaining unit in which he possesses seniority.

The seniority of an employee in a bargaining unit shall be applied as provided in the Local Agreement covering that bargaining unit.

- (4) Section 13.6 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:
- (13.6) In the event a temporary reduction within a plant or facility (as defined in Section 4.7) is scheduled, employees may be placed on temporary layoff without regard to Section 13.5 provided no employee shall be placed on temporary layoff in excess of 14 weeks in any year (the first Monday in April of one year to the first Monday of April the following year). Up to 10 days of these 14 weeks for any individual employee may be used in increments of less than a full week. For a temporary layoff of less than one week under the provisions of this Section 13.6, employees shall be paid, in addition to pay for hours worked during such workweek, an amount equal to \$85 for each workday on temporary layoff during such workweek minus required deductions.
- (5) Section 13.8 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

(13.8) An employee shall be entitled to a layoff payment of \$170 minus required deductions for each full week such employee is placed on layoff or temporary layoff. Such payment(s) shall be made in the pay period immediately following the week(s) that the employee was on layoff or temporary lay-off. An employee shall be entitled to layoff payments under the provisions of this Section 13.8 for a maximum of 52 weeks during the life of this Agreement.

(6) The fourth paragraph of Section 14. 1 of the 2011 Central Agreement for regular employees shall be deemed to read as follows prior to January 1, 2015:

Notwithstanding the provisions of this Section 14.1, a disability leave of absence shall be in effect only for the period of the physical or mental disability and in any event the leave shall automatically expire upon completion of a leave period equivalent to the employee's accumulated seniority at the time he became disabled, or two years, whichever is greater, provided that any successive period of physical or mental disability not separated by a period of active full-time work of not less than 45 calendar days shall be considered a continuation of the previous period of disability.

The fourth paragraph of Section 14.1 of the 2011 Central Agreement for regular employees shall be deemed to read as follows on and after January 1, 2015:

Notwithstanding the provisions of this Section 14.1, a disability leave of absence for an employee with fewer than 20 years of seniority at the date his disability commences shall be in effect only for the period of the physical or mental disability and in any event the leave shall automatically expire upon completion of a leave period equal to two years, provided that any successive period of physical or mental disability not separated by a period of active full-time work of not less than 45 calendar days shall be considered a continuation of the previous period of disability.

Notwithstanding the provisions of this Section 14.1, a disability leave of absence for an employee with 20 or more years of seniority at the date his disability commences shall be in effect only for the period of the physical or mental disability and in any event the leave shall automatically expire upon completion of a leave period equal to seven years, provided that any successive period of physical or mental disability not separated by a period of active full-time work of not less than 45 calendar days shall be considered a continuation of the previous period of disability.

- (7) Section 15.1 of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

(15.1) Paid Absence Allowance

- A. Each employe while actively employed in a bargaining unit covered by this Agreement (but not while on layoff) who possesses one or more years of seniority and/or group seniority (if applicable) in such bargaining unit on or after the first Monday in the first full pay period of April but prior to the first Monday in the first full pay period of January the year following is an "eligible employee" for purposes of this Section during the twelve-month period starting on that first Monday in the first full pay period of April and ending on the last day of the last pay period prior to the first Monday in the first full pay period of the year following, but ceases to be an "eligible employee" in the event and at the time of quit, death, or discharge.
- B. With respect to each such twelve-month period, the number of hours of paid absence allowance credit to which an eligible employee who possesses one or more years of seniority and/or group seniority (if applicable) at the

beginning of that period shall be entitled is as follows:

- a. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of April but prior to the first Monday in the first full pay period of July, the Paid Absence Allowance credit shall be 50 hours (April 11, 2011; April 9, 2012; April 8, 2013; April 7, 2014; April 6, 2015; April 4, 2016).
- b. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of July but prior to the first Monday in the first full pay period of October, the Paid Absence Allowance credit shall be 37 1/2 hours (July 4, 2011; July 2, 2012; July 1, 2013; July 14, 2014; July 13, 2015; July 11, 2016).
- c. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of

October but prior to the first Monday in the first full pay period of January, the Paid Absence Allowance credit shall be 25 hours (October 10, 2011; October 8, 2012; October 7, 2013; October 6, 2014; October 5, 2015; October 3, 2016).

- d. For such eligible employee whose first day of work for the Company during such twelve-month period occurs on or after the first Monday in the first full pay period of January, the Paid Absence Allowance credit shall be 12 1/2 hours (January 2, 2012; January 14, 2013; January 13, 2014; January 12, 2015; January 11, 2016; January 9, 2017).
- C. With respect to each such twelve-month period, the number of hours of Paid Absence Allowance credit for an eligible employee who acquires one year of seniority and/or group seniority (if applicable) after the beginning of the period shall be determined by the first day during the period on which he works for the Company after his acquisition of one year of such seniority. If such first day is after the first Monday in the first full pay

period of April and prior to the first Monday in the first full pay period of July, his Paid Absence Allowance credit shall be 37 1/2 hours. If such first day is on or after the first Monday in the first full pay period of July but prior to the first Monday in the first full pay period of October, his Paid Absence Allowance credit shall be 25 hours. If such first day is on or after the first Monday in the first full pay period of October but prior to the first Monday in the first full pay period of January, his Paid Absence Allowance credit shall be 12 1/2 hours.

- D. During each such twelve-month period an eligible employee will be paid for all hours of absence, as defined below, up to his Paid Absence Allowance credit at his then current straight-time hourly rate. As used in this Section 15.1, "hours of absence" means hours during which an eligible employee is absent from work at his own volition, or because of accident, illness, extreme weather conditions or emergency, and during which he otherwise would have worked, but does not include any period of absence of less than two

consecutive hours; any period of absence with respect to any one shift in excess of the regularly scheduled hours of that shift; any period of absence dealt with in Sections 15.2, 15.3, 15.4 and 15.5 of this Article 15; any period of absence on Union business; any period of absence caused, either directly or indirectly, by any strike, slowdown, work stoppage, picketing (whether or not by employees covered by this Agreement), or concerted action, at a Company facility covered by this Agreement, or any dispute of any kind involving employees covered by this Agreement, or members of other locals of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, who are employed by the Company; and any period of absence for which he is entitled to a payment or benefit under any other provision of this Agreement or under any provision of any other agreement (or benefit plan) between the parties hereto. Advance notice shall be given by an employee (whether or not an eligible employee) of any absence due to any of the reasons specified in the definition of "hours of

absence” (whether or not such absence counts as “hours of absence”) unless an emergency compels absence without reasonable opportunity to give such notice, in which event notice shall be given as soon as reasonably possible. Any eligible employee who desires to schedule a full or partial day off and receive pay for such absence under the foregoing provisions of this Section 15.1(D) may do so by filing a written request, on a form supplied by the Company, with his Foreman at least one day in advance of the requested day off.

- E. Any employee who is an eligible employee throughout the last full pay period of any such twelve-month period shall be paid as an additional vacation bonus (in addition to any other pay to which he may be entitled) for the number of hours, if any, by which his Paid Absence Allowance credit for that twelve-month period exceeds his number of hours of absence during that twelve-month period, such payment to be equal to the amount to which he would have been entitled under this Section 15.1 had he had hours of absence during that pay period equal in number to

such excess. Any payments under this Section 15.1(E) shall be made to employees not later than June 15 of each year.

- F. Any eligible employee who, prior to the end of the last full pay period of any such twelve-month period, separates, quits, dies, retires, enters the armed forces (other than for temporary military duty), or is laid off from work because of a reduction in force, shall be paid (in addition to any other pay to which he may be entitled) for the number of hours, if any, by which his Paid Absence Allowance credit for that twelve-month period exceeds his number of hours of absence during that twelve-month period.
- G. An employee who receives a payment under either (E) or (F) above with respect to a twelve-month period shall be entitled to no further rights under this Section 15.1 with respect to that period.
- H. No payment shall be made under paragraphs (E) and (F) of this Section 15.1 unless at the time thereof there are in effect satisfactory governmental rulings that such

payment need not be included in the "regular rate" for purposes of the Fair Labor Standards Act or any similar law.

- (8) Except for employees who are assigned to Labor Grades 1 and 2 at the Caterpillar Logistics Services facilities, the Appendix A of the 2011 Central Agreement for regular employees shall be deemed to read as follows:

1. 22.31
2. 22.73
3. 23.55 23.88 24.23
4. 23.88 24.23 24.69 25.25
5. 24.65 25.12 25.67 26.40
6. 25.12 25.67 26.40 27.13

The Appendix A of the 2011 Central Agreement for regular employees who are assigned to Labor Grades 1 and 2 at the Caterpillar Logistics Services Facilities shall be deemed to read as follows:

- 1 18.67
- 2 19.02

- (9) There shall be a Retirement Bonus that shall be administered as follows:

(A.) Eligibility

Effective on the Monday following the ratification of the 2011 Central Agreement, each employee while actively employed in a bargaining unit covered by the 2011 Central Agreement

- i. who possesses thirty or more years of credited service as computed under the Supplemental Agreement relating to the Non-Contributory Pension Plan and
- ii. who has not taken a Preretirement Leave of Absence under the provisions of the 1979 Central Agreement is an "eligible employee" thereafter for a Retirement Bonus under the provisions of this Memorandum of Agreement but ceases to be an "eligible employee" in the event and at the time of quit, death or discharge except as expressly provided for in this Memorandum of Agreement.

(B.) Bonus

- i. A Retirement Bonus will be payable by the Company to eligible employees pursuant to the provisions of this Memorandum of Agreement.
- ii. The Retirement Bonus will be paid to an eligible employee upon

his retirement. The amount of the Retirement Bonus will be determined by the following schedule:

Labor Grade of Employee's Job Classification Immediately Prior to Retirement	Amount of Retirement Bonus
1	\$3,952
2	\$4,048
3	\$4,240
4	\$4,432
5	\$4,624
6	\$4,816
Sp	\$5,008

There shall be deducted from the Retirement Bonus any amount required to be withheld by reason of any law or regulation for payment of taxes or otherwise to any federal, state or municipal government.

- iii. In the event an eligible employee dies before receiving a Retirement Bonus, the amount of Retirement Bonus which such employee would have received if he had retired on the date of death will be paid in a lump sum to the same person or persons and in the same manner as such employee's group life insurance is payable.

iv. The Retirement Bonus shall be discontinued effective January 2, 2016.

- (10) The Appendix A Supplementary Base Rate Schedule, (applicable to employees in Local Union 974) for employees at the Technical Center and Peoria Proving Ground in the identified job classifications shall be deemed to read as follows:

Machining Technologist 5-1 6-1 6-2 6-3 6-4 6.4 times 1.0217

Metrology Technologist

Fabrications/Process Technologist

Weld Technologist

Heat Treat Process Technologist

- (11) Letter of Agreement No. 34 shall be deemed to read as follows:

Letter of Agreement No. 34

Each employee who is actively working on November 7, 2011 shall receive a lump sum payment of \$1,000 not later than November 18, 2011. Each employee who is actively working on November 5, 2012 shall receive a lump sum payment of \$1,000 not later than November 16, 2012.

- (12) The provisions of Section 18.1 (F) of the 2011 Central Agreement shall not be applicable to employees who are covered by this Memorandum of Agreement.





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