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Title: **Freightliner Corporation and International Union, United Automobile. Aerospace and Agricultural Implement Workers of America (UAW) Local 5285 (2003)**

K#: **4205**

Employer Name: **Freightliner Corporation**

Location: **NC Mt. Holly**

Union: **International Union, United Automobile. Aerospace and Agricultural Implement Workers of America (UAW)**

Local: **5285**

SIC: **3711**

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Sector: **P**

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KA 4205

1200 ea

AGREEMENT

BETWEEN

FREIGHTLINER LLC

MT. HOLLY, NORTH CAROLINA

5/24/04



182-80

AND

INTERNATIONAL UNION,

UAW

LOCAL 5285

JUNE 19, 2003

TO

JUNE 19, 2006



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PREAMBLE

Section 1.

The successful operation of the Company's business is hereby declared to be of mutual interest and both parties hereto desire to preserve, promote, and improve industrial and economic relationships, safety, cleanliness and economy and to improve and increase the quantity and quality of work performed. The Company and the Union recognize the principle of a fair day's work for a fair day's pay.

Section 2.

The Company and the Union recognize the principle of a fair day's work for a fair day's pay. In general, a fair day's work is one that is fair to both the Company and the employee. This means that the employee should give a full day's work for the time that he or she gets paid, with reasonable allowance for personal delays and fatigue. He or she is expected to operate in the prescribed method at a pace that may be considered representative of all-day performances by the experienced, cooperative employee.

AGREEMENT

This Agreement, made this 19 day of June, 2003, by and between Freightliner Corporation, (hereinafter designated as the "Company") and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW, on its own behalf and on behalf of its Local No. 5285 (hereinafter referred

to as the "Union") covering employees in its bargaining unit at Mt. Holly, North Carolina. (Whenever the term he, him, his, etc. are used in this Agreement, it shall be considered to have the same intent and meaning of equal application to the female gender.)

WITNESSETH. That the parties mutually agree as follows:

ARTICLE I RECOGNITION

The Company recognizes the Union as the exclusive representative for Production and Maintenance employees at its production facility located at Mt. Holly, North Carolina, for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment or other conditions of employment covered by this Agreement. Whenever used in the Agreement, the word "employee" shall mean any person employed in the unit as defined by the National Labor Relations Board, Case No. II-RC-5666 in the Certification of Representative, but excluding all other employees such as but not limited to Supervisors, Professional Employees, Guards, Office Employees, employees whose duties are of a confidential nature, and any excluded employee as defined in the Labor Management Relations Acts of 1947, as amended.

ARTICLE II MANAGEMENT'S RIGHTS

Section 1.

It is expressly understood and agreed that all the rights heretofore exercised by the Company as the owner and operator of the business and not expressly contracted away by a specific provision of this Agreement are retained solely by the Company and may be impaired only with the express consent of the Company.

Section 2.

The Company agrees that the rights of Management will not be applied in any manner that is inconsistent with the provision of agreement.

ARTICLE III REPRESENTATION

Section 1. The Union shall be represented in the plant by three (3) full-time Representatives on the day shift. One (1) Representative shall be elected or appointed to serve as President/ Local Union Shop Chairman. The second Representative shall be appointed to serve as the Benefits Representative. The third Representative shall be appointed to serve as the Health and Safety Representative. In addition, an appropriate number of shop Committeepersons will be recognized as provided for in Section 2 below. At the time of their election or appointment to office, all Committeepersons and Rep-

representatives shall be employees on the active payroll of the Company. At that time, the Union will provide written notice to the Company that an employee is authorized to act on behalf of the Union.

Section 2. The calculation of Committeepersons, who will be apportioned on the basis of one (1) per every 150 bargaining unit employees, or a major portion thereof, is based upon increases of the plant population above 300 bargaining unit employees. However, in the event that the total bargaining unit employees is reduced below the 300-employee mark, Committeeperson(s) will be retained on the basis of one (1) per every 150 bargaining unit employees, or a major portion thereof on each shift, in the plant. **The Company will recognize one committeeperson for the 3rd shift/ off shift as long as constituents are assigned.**

Section 3. Alternate Committeepersons for each area and Representatives will be permitted to function when the regular Committeeperson or Representative is absent from work. The Union will notify the Personnel Department when an alternate is acting in place of a Committeeperson or Representative.

Section 4. Committeepersons will handle grievances in Steps 1, 2 and 3 of the grievance procedure only for employees in their respective area of jurisdiction within the plant.

Section 5. No employee shall stop his assigned work for any purpose related to the investigation or settlement of a grievance without promptly requesting per-

mission of his supervisor to do so, which shall normally be granted within one (1) hour, unless it regards an immediate safety issue.

Section 6. *Should a Committeeperson wish to discuss a grievance with an employee, he shall make his desires known to his supervisor and request permission. If the discussion requires him to enter a work area other than his own, he shall report to the supervisor of that area, state his reason for being there, and request permission to meet with the employee with whom he needs to speak. It is understood that where the above discussions are permitted, they will be as brief as possible and Committeepersons and employees will promptly return to their jobs.*

Section 7. *Where grievance-handling activities occur during regular working hours, the Committeepersons will not lose pay. It is understood that the time so spent will be reasonable. Where such activities extend beyond regular working hours, overtime pay will only be given upon prior consent of the Company. The Company will grant time to handle grievances upon request of the Committeeperson. It is understood that such requests will normally be granted within one (1) hour or as soon as reasonably practicable if circumstances prevent the immediate release of a Committeeperson to handle a grievance.*

Section 8. *If the Company believes that the use of representation time is being abused, a meeting will be scheduled with Representatives of the International Union, for the purpose of discussing the alleged abuse*

and to take appropriate action to eliminate any abuse that is found to exist.

Section 9. Any and all activities not related to the Grievance procedure or other matters expressly provided for in this Agreement will be considered Union business and will not be conducted on Company premises or during Employees' working hours.

Section 10. The three (3) full-time Representatives of the Union shall be paid by the Company, at the straight time rate of their regular classification for fifty (50) hours per week.

Section 11. When employees are working overtime in a Committeeperson's area, the Committeeperson from such area shall be included in the overtime work group. In the event the Committeeperson is not **able** to perform the work, or is unavailable, an alternate Committeeperson or one (1) of the Representatives may be scheduled to work.

ARTICLE IV NOTIFICATION

Section 1. The Union shall furnish the Company with a list of employees acting in the capacity of Shop Committeeperson and their alternates. The Union will also furnish a list of the names of all officers of the Local Union.

Section 2. All supervisors will be authorized to handle grievances at the first step of the procedure. Addition-

ally, the Corporation will furnish the Union a list of all supervisory personnel quarterly.

Section 3. The Company shall furnish the International Union and Local Union with three (3) lists of the names of all employees in the bargaining unit together with their last known mailing addresses, telephone number and social security number as reflected in the Company's personnel records through information supplied by the said employees. Thereafter, at quarterly intervals, the Company shall supply the Union with appropriate revisions and additions to such mailing list. It is expressly understood that the use of such mailing lists shall be restricted to appropriate Union purposes and the information thereon shall not be disclosed to any third parties.

All employees are encouraged to provide a telephone number through which they can be contacted.

Section 4. The Company will keep the Union informed of changes in bargaining unit employee's status as they occur by providing the Union with a copy of the Company's Form 190 (PAF) within three (3) working days.

ARTICLE V SENIORITY

Section 1. An employee's seniority shall be computed from the time of initial employment by the Employer in any capacity within the bargaining unit, except that a new employee shall be on probation for the first forty-five (45) days worked. After the forty-five (45) days

worked, a new employee shall be placed on the seniority list and given seniority rating as of the first day last hired by the Employer. Retention or termination of probationary employees shall be at the Employer's sole discretion and specifically excluded from the grievance procedure, except for reason related to illegal discrimination or union affiliation. Retention or termination of probationary employees shall not be based on illegal discrimination and/or union affiliation.

Section 2. Seniority shall be lost and employment terminated for any of the following reasons:

- A. Voluntary resignation;
- B. Discharge for just cause;
- C. Retirement;
- D. Three (3) working days unreported (absence without notification to the Company for three (3) consecutive working days) unless the absence is of such a serious nature that it was impossible for the employee to provide or arrange for the provision of the required notification to the Company and is substantiated by medical documentation;
- E. Absence for five (5) consecutive working days without a reasonably satisfactory excuse;
- F. Failure to report to work within three (3) working days following notification of recall from layoff. However, it is understood and agreed to by the

parties that this three (3) working day rule will be automatically extended to seven (7) working days if the laid-off employee has taken work with another company during such period of layoff;

The only use of temporary employees in this Agreement shall be as defined below:

1. Temporary employees shall only be used as summer vacation replacements.
2. *Employees who are on layoff who decline the opportunity to return for temporary summer employment shall not lose seniority.*
3. Employees who do return to temporary summer employment shall retain their original layoff date.
4. Each year laid off employees will be offered temporary summer employment beginning with the most senior employee on layoff and in descending order thereafter.
5. All other provisions of the Agreement will apply to these employees, except as specified in Article X, Section 5.
6. **Temporary employees may exercise shift preference among other temporary employees by seniority at their time of initial placement. In the event it is necessary to transfer temporary employees outside their initial work group, it will be done in consideration of seniority and their ability to do the job.**

G. Layoff or medical leave of absence for a continuous period of time exceeding the applicable accumulation limit. Seniority shall continue to accumulate during

periods of layoff or medical leave of absence for an employee with seniority for a period equal to such employee's service with the Company or a minimum of thirty-six (36) months. During the 2003 negotiations, it was agreed that during the life of this agreement, no employee will lose seniority due to layoff.

Section 3. It shall be the responsibility of the employee to keep both the Company and the Union informed of current address. During periods of layoff, the employee shall provide notice in writing of any change in address. Failure on the part of the employee to keep the Company informed of the correct address releases the Company of any responsibility of any back pay liabilities for failure to be recalled by seniority. Upon notice of recall by certified mail, the employee shall report to work within three (3) working days. The three (3) working days provision may be extended at the Company's discretion upon reasonable and acceptable proof of failure to report to work but not to exceed seven (7) days.

Notice of loss of seniority and termination will be given to the employee involved at the employee's last known address, in writing, promptly after an entry to that effect is made in the personnel records of the Company.

Section 4. A seniority list shall be prepared by the Employer each three (3) months for all employees covered by this Agreement and posted in one (1) agreed central location in the plant. The Union shall receive a copy of this list. The employee with the most Company seniority will be first on the list and the

employee with the least Company seniority will be the last. During periods of layoff, a seniority list of employees on layoff will similarly be provided to the Union.

Should any objections arise to seniority listing, such objections shall be made within thirty (30) days after posting the roster, with the exception that any employee who is off work due to injury, illness or layoff at the time of posting the roster shall have a thirty (30) day period after returning to work to enter such objection.

Section 5. Commencing after ratification of this Agreement, employees who are transferred or promoted to positions within the Company outside of the bargaining unit and are subsequently separated from that job, will not have the opportunity to return to a job in the Bargaining Unit.

Section 6. Notwithstanding their natural seniority, all active Committeepersons under Article III, Sections 1 and 2, who are involved in contract administration activities shall be deemed to have the top seniority for purposes of layoff and recall provided they are qualified to perform available work. During periods of layoff and recall, the President of the Local Union, Health and Safety, and the Benefits Representatives shall be deemed to have the top seniority in the Plant.

Section 7. Step 1. For the purpose of establishing seniority, employees with the same hire date will be rank ordered (top to bottom) alphabetically based on the first letter of their last names. Among a group of employees with the same hire date, those with the first

letter of their last names coming closest to the beginning of the alphabet will be considered to have more seniority than those with the first letter of their last names coming farther down the alphabet.

| <u>Example:</u> | <u>Name</u> | <u>Hire Date</u> |
|-----------------|------------------|------------------|
| | Robert Jones | 10/25/79 |
| | George White | 10/25/79 |
| | * Thomas Babcock | 10/25/79 |
| | Sheldon Right | 10/25/79 |

Among these employees, Thomas Babcock is the most senior followed by Robert Jones, Sheldon Right, and George White in rank seniority order.

Step 2. Employees who have the same hire date and the same first letter of their last names will be rank ordered (top to bottom), for purposes of seniority, according to the subsequent letters in their last names.

| <u>Example:</u> | <u>Name</u> | <u>Hire Date</u> |
|-----------------|-----------------|------------------|
| | Edward Brighton | 10/25/79 |
| | Thomas Boggs | 10/25/79 |
| | * Robert Baker | 10/25/79 |
| | Jane Bell | 10/25/79 |

Among these employees, Robert Baker is the most senior followed by Jane Bell, Thomas Boggs, and Edward Brighton.

If two (2) or more employees have the same last name, first names and then middle initials will be considered in the same manner.

Step 3. Employees who have the same hire date and same name (Last, First, and Middle Initial) will be rank ordered (top to bottom) for purpose of seniority, according to the Representative value of their Social Security number in the following manner:

Add the last four digits of the employee's Social Security number together, and the employee with the highest total will have the most seniority. If the sum total of the last four digits is equal, the middle two numbers will be added together and, if necessary, the first three digits.

| <u>Example:</u> | <u>Soc. Sec. #</u> | <u>Name</u> | <u>Hire Date</u> |
|-----------------|--------------------|-----------------|------------------|
| * | 243-78-8190 | Andy A. Jenkins | 10/25/79 |
| | 245-80-2631 | Andy A. Jenkins | 10/25/79 |
| | 268-58-2206 | Andy A. Jenkins | 10/25/79 |
| | 247-61-2710 | Andy A. Jenkins | 10/25/79 |

In the above example, the employees are ranked in seniority order by the value of their Social Security number.

Step 4. In all instances, whether they are layoffs, recalls, promotions, transfers, or otherwise, where it has been designated that an employee's status is to be determined specifically by seniority, the above procedures will apply.

Step 5. In the application of this procedure, the employee's name, as of their hire date, will be used thereafter for the purpose of determining their seniority ranking.

Example:

Nm. When Hired

Nm. Changed To

Nm. for Sen. Ranking

Mary Ann Adams

Mary Ann Williams

Mary Ann Williams- (Adams)

**ARTICLE VI
GRIEVANCE AND ARBITRATION PROCEDURE**

The Union and the Company encourage all employees to discuss and fully disclose to their supervisor any problem or complaint in an effort to resolve such problem or complaint before resorting to the grievance procedure. If after the employee has shared the facts of the matter with his supervisor, he requests his Committeeperson, the Company will summons the Committeeperson and no further inquiries will be made by the Company until the Committeeperson arrives.

Should a grievance occur, all parties involved should make an earnest effort to ascertain the facts and seek a fair and equitable settlement through the use of the following procedure. Neither party will burden the formal grievance procedure with insignificant matters or cases unsupported by the facts or common sense.

If the complaint is not raised within two (2) working days, it shall be deemed abandoned and not entitled to consideration thereafter, unless the employee(s) were not aware of the facts leading to the grievance.

Section 1.

Step 1. In the event that the complaint is not settled between the employee and his immediate supervisor within twenty-four (24) hours of the time it is raised, it will be reduced to writing on an agreed-upon form provided by the Union, and presented to the employee's Supervisor by the Committeeperson. The Supervisor's answer will be given in writing and placed in the designated box within three (3) working days after receipt of the grievance.

Step 2. If the grievance is not settled at Step 1, it may be presented to the Department Manager by the Committeeperson within three (3) working days after receipt of the Supervisor's answer in Step 1. The Department Manager's answer will be given in writing and placed in the designated box within three (3) working days.

Step 3. In the event the department manager's answer is not satisfactory, the Committeeperson may, within five (5) working days of the department manager's answer, request a meeting in writing with the Personnel and Administration Manager to discuss the grievance. The Step 3 meeting will include the Plant Manager or his designee, the Personnel and Administration Manager or his designee, and other Management representatives as deemed appropriate by the Company and one (1) or two (2) Representative(s) of the International Union, the Committeeperson who has handled the Grievance in Steps 1 and 2, and one (1) or two (2) full-time Representatives as provided in Article III, Sec-

tion 1. This group shall meet within ten (10) working days of the written request by the Committeeperson. The Company's answer will be given within five (5) working days of the conclusion of the Step 3 meeting.

Step 4. Arbitration. If the matter is one subject to arbitration as provided in Article II, Management's Rights, or one involving the discharge and discipline of employees pursuant to Article XV, Discipline and Discharge, hereof, and all conditions satisfied, including applicable time limits, then the Union may, within fifteen (15) working days of the Company's answer in Step 3, request that the grievance be submitted to an arbitrator for determination pursuant to Sections 2 through 6 hereof. The fact that the Union does not request arbitration within the allotted time, or the fact that a grievance is withdrawn by the Union, will be without prejudice or precedent to either party.

Section 2. The written request for arbitration of a matter, which is arbitral under the terms of this Agreement, shall set forth the nature of the grievance. Upon receipt of such request, if it is one that is subject to arbitration, the Representative of the Union and the Representative of the Company shall attempt to agree upon an arbitrator to pass upon the matter. A mutually agreed upon permanent panel of five (5) arbitrators will be designated. The current process of selection, removal and replacement of arbitrators will continue to be used.

Section 3. The arbitrator so selected shall schedule

a prompt hearing at which time he shall have the power to make determinations of fact on the questions submitted to him and apply them to the provisions of the Agreement alleged to have been violated, so long as the matter is one which is subject to arbitration under the terms of this Agreement and so long as it is submitted to him in accordance with the procedure herein specified. In interpreting and applying the provisions of this Agreement which are subject to arbitration and in making findings of fact in connection therewith, the arbitrator's interpretation must be in accordance with the terms of this Agreement.

No arbitrator shall have the jurisdiction or authority to add to, take from, nullify or modify any of the terms of this Agreement or to impair any of the rights reserved to management under the terms hereof, either directly or indirectly, under the guise of interpretation; nor shall he have the power to substitute his discretion for that of management in any manner where management has not contracted away its right to exercise discretion. The arbitrator shall be bound by the facts and evidence submitted to him and may not go beyond the term of this Agreement in rendering his decision. No such decision may include or deal with any issue or matter, which is not expressly made subject to arbitration under terms of this Agreement. The decision of the arbitrator shall be in writing and shall be final and binding upon the parties when rendered upon a matter within the authority of the arbitrator and within the scope of matters subject to arbitration as provided in this Agreement.

The decision of the arbitrator shall be rendered in writing within thirty (30) calendar days after the close

of the hearing or the date for submission of written briefs.

Section 4. Unless it is mutually agreed otherwise, each grievance, which is subject to arbitration, shall be handled by a separate arbitrator in a separate hearing, except grievances arising out of an identical set of facts or the same incidents may by agreement be heard together. It is further agreed that arbitration cases will be scheduled on a prioritized basis such that discharge cases or other potential back pay cases will be scheduled ahead of other pending cases.

Section 5. The fees of the arbitrator and the necessary expenses (exclusive of payment to witnesses) shall be borne equally by the parties. Each party shall pay the fees of his own counsel or representative. If an employee-witness is called by the Employer, the Employer will reimburse him for the time lost. The Company will also reimburse either the grievant or one (1) Union witness for time lost to attend the arbitration hearing. If other employee-witnesses are called by the Union, the Union will reimburse them for the time lost. Any non-employee witness will be compensated by the party requesting his appearance.

In the event an arbitrator is selected and a hearing date is scheduled and agreed upon by both parties and either party subsequently cancels such hearing, the party so canceling shall pay any cost assessed by the arbitrator.

Section 6. Should it be determined that an employee, other than a probationary employee, was disciplined or

discharged without just cause as provided in Article XV, Section 2, Discipline and Discharge, he shall be restored to his former status; provided, however, any unemployment compensation or other compensation or remuneration from any source shall be credited against any back pay award.

Section 7. In all cases, where agreed upon time limits appear herein, those time limits shall be strictly enforced. Such time limits may be extended only by mutual agreement in writing. Absent such agreement should the Union or its members default on such limits, the grievance shall be deemed as closed and not subject to further review.

ARTICLE VII HOURS OF WORK

Section 1. Employees will normally be scheduled to work forty (40) hours per week consisting of five (5) consecutive eight (8) hour days not inclusive of unpaid lunch periods.

The normal workweek will be Monday through Friday.

A. The normal shift hours during times at which the plant is operated at two shifts instead of three will be:

First Shift (days) 6:30 a.m. to 2:30 p.m.

Second Shift (afternoons) 3:30 p.m. to 11:30 p.m.

agreed that neither party will unreasonably withhold their mutual agreement.

- C. It is understood that this Agreement does not guarantee to any employee any number of hours of work per day or per week or days of work per week.

Section 2. Employees will be provided one (1) paid fifteen (15) minute rest period during each half-shift, or four (4) hour period worked. Employees who are scheduled more than eight (8) hours will be given a fifteen (15) minute rest period at the beginning of the overtime period. In addition, employees will be allowed a paid ten (10) minute cleanup period just prior to the end of the work shift.

Section 3. Any employee reporting for work (including **signing in at the plant gate**) shall be given a minimum of six (6) hours continuous work or six (6) hours' pay. Employees shall be deemed to have been ordered to work unless notified not to report at or before the close of the previous shift worked, provided, however, in the event of a plant or department shutdown due to an occasion of national or local significance which calls for a temporary shutdown, or due to an emergency beyond the Company's control, the Company shall not be liable for wages to any employee for time lost. "Emergency" shall be defined as a situation resulting from causes such as, fire, explosion, power failure, major computer failure, or act of God.

Section 4. An employee called back to work after completing his regular work shift and after leaving the employer's premises shall be given not less than six (6)

hours work or six (6) hours pay based on the overtime rate of pay that would have been in effect had the employee been continuously on the payroll since the completion of his regular shift's completion.

ARTICLE VIII WAGE RATES AND OVERTIME

Section 1. On the effective date of this Agreement, the wage rates and classifications shall be as set forth on Attachments A1 through A5.

Section 2. All wage adjustments, including automatic progression wage adjustments, will be computed on the first day of the pay period following the calendar week in which the employee qualifies for the adjustment.

Employees will be credited for all service time on the active payroll with respect to the automatic progression schedule, including temporary layoffs or leaves of absence of thirty (30) calendar days or less. Employees will not be credited for advancement purposes for any time exceeding thirty (30) calendar days on layoff or leave of absence.

Employees who change jobs as a result of a promotion, demotion, or transfer within the Plant will move vertically on the progression schedule to the new applicable job rate.

At the Company's option, new employees with prior experience may be hired at any level of the progression schedule.

Section 3. In addition to applicable rate of pay, employees working the second shift shall receive a premium of \$.45 per hour worked and employees working the third shift shall receive a premium of \$.55 per hour worked.

Section 4. All time worked in excess of eight (8) hours in one (1) day, a day being defined as a twenty-four (24) hour period, from the employee's assigned shift starting time on Monday shall be the time used for the entire week, or forty (40) hours in one (1) week shall be considered overtime. Such overtime will be paid at one and one-half times the hourly rate of pay. All hours worked in excess of ten (10) hours per day will be paid at double times the hourly rate of pay. Additional overtime premiums will be paid in accordance with the following:

- A. All hours worked on Sundays shall be paid for at double the regular hourly rate of pay.
- B. The first 10 hours worked on Saturdays shall be paid for at the rate of time and one-half. All hours over 10 worked on Saturday shall be paid for at double times the regular hourly rate.
- C. For employees with an assigned weekly schedule, which includes Saturday or Sunday, the sixth day worked shall be paid as (B) above and the seventh day worked shall be paid as (A) above.
- D. Employees required to work on a scheduled holiday shall be paid at the rate of double the regular hourly rate of pay for all hours worked plus holiday pay.

Section 5.

Overtime Provisions

Overtime work will be voluntary, with limited exceptions as indicated in subsection 5 below, and will be distributed among qualified employees in the "overtime groups" set forth below:

1. Cab Paint, Plastic Line
2. Touch-Up Paint, Offline Paint, CRC Paint
3. Chassis Paint
4. Pre-Paint Cab Body Station
5. Pool #60, Wax Booth
6. Pool #61, Hood Build-Up, Sub Assembly Areas
7. Electric Shop
8. Frame Rails, Fifth Wheels
9. Pool #1 from **Denester to wash booth**, Plus Steering Gear, Cross Members, Blocks and Valves, Air Tanks, Hose Build-Up
10. Axle Line
11. Pool #2 **New oven to engine swing, Fuel tank installation**, Cry Station, Exhaust, Radiator, Battery Cable Build-Up
12. Engine Line
13. Pool #3 Including Tire Shop and any Related Sub-Assembly
14. Offline
15. **Cab In White**
16. Pre-Paint Cab (Steel Line)
17. E-Kote
18. General Inspector
19. Lab
20. Dyno

21. Materials
22. Plate Shop
23. Tool Crib
24. Electrician
25. HVAC Mechanic
26. Industrial Truck Mechanic
27. Machinist
28. Tool & Die Maker
29. Millwright
30. Welder
31. Robotic Technician
32. Leadpersons
33. Fuel Tank Fabricator

Selection of employees to work overtime will be as follows:

1. Overtime work will be distributed among employees in overtime groups on each shift who are able to do the work.
2.
 - A. A voluntary overtime sign up sheet will be posted in all overtime groups on Monday for employee (s) who want to volunteer for daily overtime. Any employee scheduled to work will be highlighted. To be eligible, an employee must sign the overtime signup sheet 1 1/2 hours prior to the end of their shift. Overtime will be granted to the senior eligible employee(s) who volunteer.
 - B. A second overtime signup sheet will be posted in the work group for all other overtime groups so overtime require-

ments can be filled by the senior eligible volunteer(s) before any mandatory overtime assignments are made within the overtime group.

3. Employees who want to volunteer for available overtime must sign-up on the posted sign-up sheet. Overtime will be granted to the senior employees who volunteer and are able to do the work. If sufficient employees cannot be obtained using the above procedure, qualified volunteers will be solicited from any work group, whenever practicable.
4. If sufficient volunteers are not acquired by the above procedure, the overtime may be made mandatory of the necessary employees within the overtime group, by seniority, beginning with the least senior employee.
5. If the Company deems it necessary to work overtime in a complete overtime group, the overtime may be mandated without first soliciting volunteers.

When overtime is scheduled, it will be limited to no more than two (2) hours on a daily basis and no more than eight (8) hours on weekends. It is further understood that no employee will be required to work in excess of sixteen (16) hours of overtime per month.

If weekend hours are scheduled by the Company, and then if not cancelled before the end the employee's shift on Thursday, the hours scheduled

will count towards the sixteen (16) hours of overtime per month.

In addition, if daily overtime is scheduled, then cancelled by the Company, the hours scheduled will count towards the sixteen (16) hours of overtime per month.

The provisions of this Article that restrict the right of the Company to mandate any overtime work may be suspended if operations are interrupted by emergency situations such as extended power shortages, fire, tornado, flood, hurricane, or other acts of God; because of major equipment breakdowns, government mandated work, regulatory training, and annual inventory.

The equipment referred to regarding "major equipment breakdown" is confined to the E-Kote System, Dyno Operations, and Robotics Systems and Pool 1 Roll Over Crane/ Fixture / Conveyor.

It is understood that the overtime to be mandated because of an emergency or major equipment breakdown will be limited to a period of time to overcome the emergency or major equipment breakdown.

6. If due to unforeseen events overtime planned for an overtime group is no longer necessary those employees who have reported to work may be assigned to work outside their overtime group. Alternatively, employees will be given the option of clocking out upon notice

of the assignment outside of their overtime group. Employees who do elect to clock out will do so without pay or penalty.

7. Employees may not refuse to work mandated overtime without a justifiable reason.
8. Any employee skipped or otherwise missed in the overtime distribution procedure will be offered make-up work equal to the hours worked by the employee who worked the job. In the event that more employees were skipped than worked, only the number of employees skipped who equal the number of employees who worked will be offered make-up work. It is the Company's intent to correct mistakes on the same day if they are brought to the attention of the Supervisor prior to the end of the shift.

If the mistake is brought to the attention of the supervisor, on the day overtime is scheduled, prior to the end of shift, and the mistake is not corrected, the company will pay the employee(s) who were skipped or otherwise missed, the appropriate rate equal to the hours worked by the employee(s) who worked the overtime.

9. Employees will be notified by Wednesday (by mid-shift) for mandated Saturday work and for mandated Sunday work unless an emergency situation arises. Employees will not be mandated to work such overtime if vacation or a personal day has been approved for them on the Friday preceding or Monday post ceding the mandated work.

10. Employees will be notified at least one (1) day in advance (by mid-shift) for mandated daily overtime work. When daily overtime is being mandated for an extended period, employees will be advised of the approximate duration.
11. No mandatory overtime will be scheduled in connection with any holiday weekend.
12. A. A voluntary overtime sign up sheet will be posted in all overtime groups on Monday for employee(s) who want to volunteer for Saturday and / or Sunday overtime. An employee desiring to be considered for Saturday and/or Sunday overtime must sign the overtime signup sheet two hours prior to the end of their shift on Wednesday. Overtime will be granted to the senior employee(s) who volunteer and are able to perform the work. If a sufficient number of employees cannot be obtained, then volunteers from other work groups may be solicited where practical.
- B. In the event overtime for Sunday is not determined until Saturday, any senior employee(s) that signed the volunteer list, who are not present on Saturday, will be called with a union representative present.

ARTICLE IX HOLIDAYS

Section 1. Recognized holidays are as follows:

Good Friday
Memorial Day
Independence Day
Labor Day
_Veterans Day
Thanksgiving Day
Day after Thanksgiving

Any of the above holidays that fall on a Saturday will be recognized on the Friday before. Should the holiday fall on Sunday, it will be recognized on the following Monday.

In the 2003, contract year, the Company agrees to recognize Independence Day, Labor Day, Veterans Day November 12, Thanksgiving Day and the Day after Thanksgiving, December 24, 25, 26, 29, 30, 31,

In the 2004 contract year, the Company agrees to recognize January 01.02, Good Friday 04/09, Memorial Day 05/31, Independence Day 07/05, Labor Day 09/06, Veterans Day November 15, Thanksgiving Day 11/25 Day after Thanksgiving 11/26, December 24, 27, 28, 29, 30, 31,

In the 2005 contract year, the Company agrees to recognize January 03, Good Friday 03/25, Memorial Day 05/30, Independence Day 07/04, Labor Day

09/05, Veterans Day November 14, Thanksgiving Day 11/24 Day after Thanksgiving 11/25, December 23, 26, 27,28,29,30,

In the 2006 contract year, the Company agrees to recognize January 02, Good Friday 04/14, Memorial Day 05/29,

Section 2. Each employee covered by this contract shall receive eight (8) times the regular day shift hourly rate on the above-designated holidays upon which no work is performed, irrespective of the day upon which it may fall.

The shift differential as provided for in this contract, Article VIII, Section 3, shall be included in the amount of holiday pay to be received by employees regularly scheduled on a second or third shift at the time the holiday occurs.

Section 3. To be eligible for holiday pay, the employee must work the complete last scheduled workday prior to and the complete next scheduled workday after the holiday, but an employee's failure to work on such prior or next-following scheduled workday shall be excused for this purpose if due to one of the following reasons:

- A. Personal injury arising out of and in the course of employment with the Employer.
- B. Jury service.
- C. Subpoenaed witness in court.

- D. Scheduled vacation.
- E. Employees who have been laid off in reduction of force during the week prior to or during the week in which the holiday falls.
- F. Employees who are members of a military reserve unit while off on military leave to attend annual training camp.
- G. Employees who go on a medical leave of absence (which includes the five (5) day unpaid waiting period) during the work week prior to or during the work week in which the holiday falls, provided the employee presents a written doctor's excuse which establishes to the satisfaction of the Company that such absence was for good and sufficient cause.
- H. Bereavement (Article XIX, Section 14)
- I. A person who is late to or must leave from work due to extraordinary case circumstances beyond his control, but in no case for more than two (2) hours, the Company may request substantiation of such circumstances.

An exception to the eligibility requirement involving an employee reporting more than two (2) hours late or being excused more than two (2) hours before the end of the shift will require the approval of the supervisor, which will not be unreasonably denied.

J. FMLA

K. Personal Leave- Union Leave.

Section 4. When one (1) of the above holidays fall within an eligible employee's approved vacation period and he is absent from work during his regularly scheduled workweek because of such vacation, he shall be paid for such holiday and shall receive an extra day of vacation in observance of the holiday.

ARTICLE X VACATIONS

Section 1. Employees will be granted vacations of:

- 2 Weeks After 1 Year
- 3 Weeks After 5 Years
- 4 Weeks After 15 Years
- 5 Weeks After 20 Years
- 6 Weeks After 25 Years

Section 2. Each week of vacation pay for each employee who has worked 1200 hours or more between vacation anniversary dates, shall be forty (40) times his day shift rate of pay in effect at the time vacation is taken, including shift differential if the employee is regularly assigned to a second or third shift.

Section 3. An employee who has worked less than 1200 hours between vacation anniversary dates shall, for each week of vacation he is entitled to by reason of overall service, receive a pro rata vacation with pay in an amount equal to two percent (2%) of the employee's *straight-time earnings, including the applicable second or third shift differential, if any, during the year immediately preceding the vacation anniversary date upon which he becomes entitled to such vacation.*

Section 4. The Vacation workweek is defined as Monday through Friday.

Vacation must be taken within the year following the anniversary date of employment. One (1) week of vacation may be taken in increments of one (1) full day at a time. In addition, employees whose service time entitles them to at least four (4) weeks of vacation per year may elect to take two (2) weeks in increments of one day at a time. All remaining vacation shall be taken in increments of one (1) week or more. All vacations will be assigned according to seniority. The employer will allow a maximum of twelve percent (12%) of the employees in each vacation group off for vacation during the months of May, June, July, August, and September. The months of November and December will have a maximum of ten percent (10%). Other months will have a maximum of eight percent (8%), except work groups which have limitations as outlined below.

An additional two percent (2%) will be allowed off for single days. Single days vacations will not be considered more than one (1) month (date-to-date) in advance. Additional single day vacations will be granted up to the maximum percentages specified above.

No single day vacation requests will be accepted on weekends or holidays. Employees will be allowed a two (2) hour window into their shift to submit their single day vacation request, which will be awarded on a seniority basis. Request will be processed one (1) month (date-to-date) in advance and each day thereafter until the maximum is reached. Single day vacations will be approved by seniority and posted daily. However, once you have been approved and posted to the

list you cannot be bumped by a senior person who submits a request on a subsequent day. After the maximum is reached and a cancellation occurs, the opening will be filled by the most senior person who submitted a request.

Small Work Groups. In small work groups of 20 to 12 employees, a maximum of two (2) employees will be permitted to simultaneously take full week vacations; additionally one (1) employee may take a single day vacation. In groups of 11 to 1 employees, one (1) employee will be allowed off for a full vacation week; additionally one (1) employee will be permitted single day vacation.

Skilled Trades. Vacation scheduling will be administered consistent with past practice subject to keeping the required balance of skills. At least one (1) employee per maintenance vacation group will be allowed off for one-week vacation or single day.

The vacation groups referred to in this section are as follows:

1. Cab Paint, Plastic Line
2. Touch-Up Paint, Offline Paint, CRC Paint
3. Chassis Paint
4. Pre-Paint Cab Body Station
5. Pool #60, Wax Booth
6. Pool #61, Hood Build-Up, Sub Assembly Areas
7. Electric Shop
8. Frame Rails, Fifth Wheels

9. Pool #1 from Denester to wash booth, Plus Steering Gear, Cross Members, Blocks and Valves, Air Tanks, Hose Build-Up
10. Axle Line
11. Pool #2 New Oven to engine swing, Fuel Tank Installation, Cry Station, Exhaust, Radiator, Battery Cable Build-Up
12. Engine Line
13. Pool #3 Including Tire Shop and any Related Sub-Assembly
14. Offline
15. Cab in White
16. Pre-Paint Cab (Steel Line)
17. E-Kote
18. General Inspector
19. Lab
20. Dyno
21. Materials
22. Plate Shop
23. Tool Crib
24. Electrician
25. HVAC Mechanic
26. Industrial Truck Mechanic
27. Machinist
28. Tool & Die Maker
29. Millwright
30. Welder
31. Robotic Technician
32. Leadpersons
33. Fuel Tank Fabricator

Section 5. During the months of May, June, July, and August the Company may employ or recall from layoff temporary summer employees to fill in for senior em-

ployees while on vacation during such high vacation periods. It is understood and agreed upon by the parties that such "summer employees" will not be hired or recalled from layoff before May 1st or retained any later than August 31st. Such employees will not be subject to shift displacement by seniority employees under Article XIII - Shift Transfer of this Agreement. The hiring of summer employees will not be subject to Article XII - Job Posting of this Agreement. The parties agree that notification requirements regarding temporary summer employees will be the same as required regarding other Bargaining Unit employees per Article IV - Notification of this Agreement. Maximum amount of temporary employees hired for vacation replacements will not exceed the number of employees needed to fill the highest week of vacations entitlement during the four (4) month period. In the event the Company determines that full time regular employment will be offered to any temporary summer employee, such job(s) will be subject to Article XII - Job Posting of this Agreement.

Employees shall, upon ten (10) working days' notice, be paid vacation pay on the last day worked before going on scheduled vacation. This does not apply to temporary layoff situations.

Section 6.

- A. An employee who has been in the employ of the Employer for sixty (60) days and who is separated from the employ of the Employer prior to the completion of an anniversary year shall be entitled to pro rata vacation pay as follows:

Sixty (60) days or longer but less than two (2) years' service: Two percent (2%) of the employee's straight time earnings since his last vacation anniversary date;

Two (2) years but less than five (5) years' service: Four percent (4%) of the employee's straight time earnings since his last vacation anniversary date;

Five (5) years but less than fifteen (15) years' service: Six percent (6%) of the employee's straight time earnings since his last vacation anniversary date;

Fifteen (15) years but less than twenty (20) years' service: Eight percent (8%) of the employee's straight time earnings since his last vacation anniversary date.

Twenty (20) years but less than twenty-five (25) years' service: Ten percent (10%) of the employee's straight time earnings since his last vacation anniversary date;

Twenty-five (25) years or more years' service: Twelve percent (12%) of the employee's straight time earnings since his last vacation anniversary date.

- B. In the case of an employee who terminates voluntarily or otherwise, retires, dies, payment will be made for all accrued and/or unused vacation. In the event of an employee's death, such payment will be made to his estate.

Section 7. Employees indefinitely laid off through a reduction of force will be paid for earned and accrued vacation pay including pro-ration to the last day worked. Upon request of an employee who is indefinitely laid off or terminated pending a just-cause determination by an arbitrator, the Company will defer payment of any vacation money to which he/she is entitled, but not in excess of twelve (12) months following layoff or termination. Vacation money paid subsequent to the date of layoff is payable at the employees' applicable vacation pay rate as of the date of his last day worked.

Upon recall from layoff, employees will be allowed to schedule up to two (2) weeks of vacation without pay as indicated below. Scheduling unpaid vacations will be in accordance with other relevant provisions of this article.

| | |
|---------------------------|--------------------|
| <i>Normal Entitlement</i> | <i>Without Pay</i> |
| 2-3 Weeks | One Week |
| 4 or More Weeks | Two Weeks |

Section 8. The vacation scheduling procedure is set forth below:

1. The month of January in each calendar year will be the designated period set aside for advanced vacation scheduling.
2. During the advanced scheduling period, employees may schedule all but one (1) full week of vacation, which they are eligible to take during the current calendar year through January of the following calendar year. One (1) week of

vacation may be reserved for either one (1) day at a time use or for selection of an open vacation week later in the year. If an employee chooses not to schedule vacation during the advance-scheduling period, such employee will only be allowed to schedule vacation for remaining available weeks.

3. Vacations will be granted on a seniority preference basis within the designated vacation groups on each shift.
4. No employee, regardless of seniority, will be able to bump other employees from pre-scheduled vacation weeks.
5. Requests for vacations made outside of the advanced scheduling period must be made at least one (1) day prior to the date the vacation is to be effective. Approval will be granted during the two-hour window period by seniority. Thereafter, approval will be on a first-come, first-serve basis. All request for vacation made outside of the advanced scheduling period must be submitted in duplicate on a standardized form available for this purpose.
6. Approval for granting one (1) day at a time vacation requests will be at the sole discretion of the Company for all requests above the 2% allowed for single days. All vacations, weekly and single days, will be posted in each respective vacation group on the vacation board.

7. Any employee who is required to cancel a scheduled vacation at the request of the Company and is unable to reschedule such vacation prior to his vacation anniversary date will be permitted to either receive pay in lieu of vacation on his anniversary date or carry the time forward into the next year's schedule. It is understood that vacations will not be canceled by the Company except in emergency case situations.
8. All employees will be required to take their full vacation entitlement each year. Any employee, who is unable to do so for any reason except No. 7 above, will be required to carry the remaining entitlement forward and take at the first available opportunity in the next year. Carryover vacation will be used after all advanced scheduled vacation has been scheduled.
9. If a holiday falls within an employee's scheduled vacation, such employee will be granted an additional day off with pay, to be taken on the day immediately following the employee's scheduled vacation, or the employee may elect to receive holiday pay for such day as though the employee were not on vacation. The employee may also elect to take the vacation day at a later date during his vacation anniversary year.
10. Adjustments to Vacation Anniversary Dates of individuals who were placed on leave of absence or laid off for periods exceeding 365 days, then re-employed at any time between 4/16/90 and 12/19/91. After 12/20/91, no Vacation

Anniversary dates will be adjusted so that no employee receives a single adjustment of more than 365 days.

ARTICLE XI LAYOFF/RECALL

Section 1. In the event of a layoff a minimum of **(5) Five Day** notice will be given to employees unless longer notice is prescribed by law. All layoffs will be conducted within affected classifications as outlined below:

- A. Probationary employees will be the first to be reduced from the classification.
- B. If it is necessary to reduce additional manpower, less senior employees will have the right to bump into other classifications previously held. It is understood that less senior employees may be retained if more senior employees do not have the specialized skills to perform available work. "Specialized Required Skills" are defined as and limited to paint (top coat, touch-up and pre-paint cab body station); certified welder, **(Axle line, Fifth Wheels, Fuel Tanks)** and maintenance mechanic.
- C. Employees who do not have sufficient seniority or qualifications to bump as outlined above will have the right to displace junior employees in the truck assembler, and tool crib attendant classifications.
- D. An employee having seniority in the plant, who enters the skilled trades group, will have a skilled

trades seniority date as the day he or she enters the group. However, it is understood that any previous seniority toward pensions, vacations, etc., will be maintained. In the event of a reduction in force in the skilled trades, the employee's plant wide seniority date will be used for layoff and recall.

Section 2.

- A. Recall to the truck assembler, and tool crib attendant classifications will be by plant seniority. Recall to other classifications will be in the reverse order of layoff from those classifications.

- B. Employees recalled to work from layoff in excess of six (6) months or who may have been ill or injured while on that layoff will be required to satisfactorily complete a return to work physical as required by the Company. Such return to work examinations shall be consistently applied to all returning employees. It is understood that additional criteria may be required where injuries or illnesses are known to have occurred.

If the employee fails such examination he shall be eligible for benefits consistent with terms and conditions as are set forth in the leave of absence and/or benefit language Provisos.

Disputes arising between the opinions of the employee's physician and the Company's physician concerning the medical suitability for available work recalled to will be settled by an independent physician mutually selected or a professional medical

organization. All costs associated with the independent examination shall be shared equally by the parties and such final decision by such independent physician or organization will be final and binding on the Company, Union and the employee.

- C. Any employee refusing recall from layoff to the job classification from which he was originally laid off will be considered as a voluntary quit. Recall to any other classification will be voluntary. No subsequent opportunities for recall to a classification other than the classification from which the employee was originally laid off will be offered.

Section 3.

During a layoff, employees who are notified that they will be displaced from their job classification may, instead of being displaced, request a voluntary layoff, which will be granted.

Requests for voluntary layoffs must be written and signed by employees and submitted to a representative of the

Personnel Department within three (3) working days following notice of displacement.

Employees who take a voluntary layoff will not be recalled until such time as an opening becomes available in the job classification they occupied at the time of their voluntary layoff.

Section 4. This letter memorializes the "Parties" under-

standing and Agreement concerning the issue Shutdown periods. A Shutdown occurs when the normal operations of the Plant are curtailed for a period not to exceed one (1) week. This period may be extended with mutual agreement. Such agreement will not be unreasonably withheld. During such time, employees required for essential operations will be selected in the following manner:

1. Senior qualified volunteers from the essential work groups on all shifts.
2. Least senior qualified employees from the essential work groups on all shifts will be required unless qualified former employees from the work group volunteer on a posted secondary list. The Company retains the right to determine qualifications.
3. When possible any disputes between the "parties" over who is selected to work will be addressed before the actual shutdown takes place and will be reviewed by both parties to reach a mutual agreement.

ARTICLE XII JOB POSTING

Section 1

Whenever a new job is created or a permanent vacancy occurs within the bargaining unit, the position will be filled in accordance with the procedure outlined below:

A vacancy is an unoccupied position, which will require replacement or addition. A vacancy is defined as a recall from layoff, hiring, or separation from employment (i.e. death, retirement, voluntary quit, etc.).

During periods of layoff, the job posting procedure will be utilized for openings not filled by Article XII, section 5, or recall.

Notice of vacancy will be posted on a designated bulletin board in the plant, including the workgroup, rate of pay, number of vacancies, job qualifications, shift and the date and time of the posting. The name(s) of the selected employee(s) to fill the vacancy will also be posted after the job is filled. A union representative will review this selection process.

It is understood and agreed by the parties that the Job Posting Article XII will be utilized at all times that the plant is in operation building trucks.

(A) An employee with one (1) year of seniority (hired after ratification) who desires to fill a permanent job vacancy in another regular assigned work group may file a request on an agreed upon form to be supplied by the company. There shall be one(1) transfer or refusal allowed in a six (6) month period.

Job bid request will be honored on a seniority basis provided the employee requesting

a change to another "regular assigned work group" has the necessary skills and ability to perform the job in a normal and average manner.

One subsequent vacancy will be considered for job change request purposes. However, this will not apply to employees recalled from layoff except in the truck assembler classification.

- (B) A secured box will be maintained in a designated area for filing of such forms. When a vacancy has been posted for three (3) working days (72 hours from the time and date of posting) the posting shall be removed from the bulletin boards by a company and union representative, and no more job bid forms will be accepted. If an employee is interested in a job, which may be posted during his vacation, he may file a written application with the personnel department for vacancies that might occur during his absence. The union and the company will jointly remove the job bid from the box.
- (C) When an employee has been selected for a job change and he accepts, he will be allowed a trial period to demonstrate his capabilities on the job. The trial period shall not be less than fifteen (15) or more than thirty (30) working days. This shall count as a job transfer under section 1 (A). An employee who fails to perform satisfactorily will be returned to his prior "regular assigned

work group". In the event an employee elects to return to his former "regular assigned work group", he may do so within the first ten (10) working days. This will also count as a job transfer under Section 1 (A). Employees may not apply for vacation during these ten (10) working days.

The parties agree that the "regular assigned work groups" (these work groups only apply to job posting, they are not applicable to vacation and/or overtime) referred to in this section are as follows:

1. Cab Paint, Plastic Line
2. Touch-Up Paint, Offline Paint, CRC Paint
3. Chassis Paint
4. Pre-Paint Cab Body Station
5. Pool #60, Wax Booth
6. Pool #61, Hood Build-Up, Sub Assembly Areas
7. Electric Shop
8. Frame Rails, Fifth Wheels
9. Pool #1 denester to wash booth, Plus Steering Gear, Cross Members, Blocks and Valves, Air Tanks, Hose Build-Up
10. Axle Line
11. Pool #2 New oven to engine swing, Fuel Tank installation, Cry Station, Exhaust, Radiator, Battery Cable Build-Up
12. Engine Line
13. Pool #3 Including Tire Shop and any Related Sub-Assembly
14. Offline
15. Cab in white

16. Pre-Paint Cab (Steel Line)
17. E-Kote
18. QA Inspector
19. Materials
20. Plate Shop
21. Tool Crib
22. Electrician
23. HVAC Mechanic
24. Industrial Truck Mechanic
25. Machinist
26. Tool & Die Maker
27. Millwright
28. Welder
29. Robotic Technician
30. Leadpersons
31. Fuel tank fabrication

Section 2. To ensure retention of a sufficient number of trained employees in a regular assigned work group, transfers through job posting procedure will be limited to fifteen percent (15%) of the employees but no less than one (1) employee from a regular assigned work group consisting of twenty-five (25) or fewer employees in a thirty (30) calendar day period.

Section 3. When the Employer has honored an employee's job bid form, the employee will not be eligible for a subsequent job change for six (6) months from the date that the job was awarded.

Section 4. Administrative Procedure for the Job Change Bid System.

1. The job bid request system will include the following:
 - A. The system will use a triplicate form.
 - B. Copies of the form will be given to the employee and to the Union,
 - C. Forms will be submitted to the designated job bid box at a central location in the plant.
 - D. An employee must submit a bid form during the designated time frame.
 - E. When the job bid is placed in the box it becomes final.
 - F. The list will show all jobs for which requests are submitted and will rank all employees who are requesting each job in seniority order.
 - G. A minimum of twenty (20) top senior bids will be retained for each job posting (in an effort to reduce administrative time for each posting).
 - H. Employees will be notified of selection for a vacancy within five (5) working days, he may be retained in his old job for a period not to exceed twenty (20) working days in order to secure a quali-

fied replacement, or longer if mutually agreed to between the parties.

1. In cases where an employee is selected for 2 or more vacancies at the same time, the individual may choose between which vacancy he wishes to fill.

Section 5. Employees who are working in another classification as a result of an involuntary displacement will be given consideration to return to a vacancy in their previous regular assigned work group. Employees in the same classification working in another work group, as a result of an involuntary displacement, will be given consideration to return to a vacancy in their previous regular assigned work group. In the event there are employees in both categories listed above, the vacancy will be filled first by the most senior employee.

Section 6. When the need arises to transfer employees in or out of a "regular assigned work group" (to fill any job in a work group on a temporary basis), the transfer will be offered to the senior employee. If no senior employees volunteer for such transfer, the least senior employee will be required to transfer. A transferred employee will be paid the rate of his regular job or the rate of the temporary job, which ever is higher, for the time worked on the temporary job. On the thirtieth (30th) workday during the life of the agreement, the temporary job will be considered a vacancy and the job will

be posted, unless the employee is on an approved leave.

- A. A workday is defined as any time in the work group.
- B. A transferred employee must have a PAF- 190 Form, (identifying the move as a "Temporary transfer") in hand to enter into any work group. The union representative for the transferred employee must be notified prior to the transfer-taking place.
- C. When the same employee requires multiple moves, another PAF-190 Form will accompany him to each work group he enters. The employee must have a PAF-190 Form sending him back to his original work group prior to his return, when the temporary transfer is completed. All time worked in each work group will be documented on each PAF-190.
- D. Employees are limited to no more than two (2) moves on a daily basis, unless the employee volunteers to move.

Section 7. Any employee remaining at work or recalled after a layoff with less seniority than laid off employees will be excluded from exercising job bidding rights until employees with greater seniority have been recalled.

ARTICLE XIII TRANSFER OF SHIFT

Section 1. Shift Adjustments

When it becomes necessary to balance the number of employees from one shift to another within a work group, the senior employees will have the opportunity to volunteer before the least senior employees within the work group are reassigned to offset the imbalance. All employees will be given a minimum of one (1) week's notice. The Company will consider an employee's personal hardship, which prevents the employee's reassignment. In no event will reassignment be delayed beyond a reasonable period of time to resolve the employee's hardship. The Union will be notified of time extensions allowed to employees due to hardship.

Section 2. Shift Preference

An employee with one (1) year of seniority who is capable of performing the required work may displace a junior employee on a different shift within the same work group subject to the following:

- (a) Requests for shift preference must be made in writing using a triplicate form. Copies of the form will be provided to the employee, the Personnel Department, and the Union.
- (b) No more than two (2) shift preference transfers shall be granted to any employee in any twelve (12) month period.

- (c) Employees will be moved to the shift requested no later than the second Monday following receipt of their written request to the Personnel Department.
- (d) An employee may be held in his assigned shift as necessary to train another employee in his job task, for up to thirty (30) calendar days from receipt of request. This provision will not be abused.
- (e) Probationary employees may not be displaced.
- (f) Shift transfers exercised by maintenance employees will be limited to the maintenance work group in which the transferring employee works.
- (g) Any employee involuntarily displaced in another shift by the company, after using a shift change preference shall have shift change rights reinstated.

ARTICLE XIV LEAVE OF ABSENCE

Section 1. General

Employees with seniority may be granted personal leaves of absence, without pay, for up to six (6) months upon written request to the Company, stating the reason for the leave. Employees requesting a personal leave of absence will not be required to use accrued benefits (sick time, vacation time, etc.) when applying for such leave. It is understood and agreed that per-

sonal leave is separate and apart from any requirements under the Federal Family Medical Leave Act as stipulated in Section 6 of this Article.

Such leaves are subject to Company approval, but will not be unreasonably denied if the Company's operations or requirements permit. Seniority shall continue to accumulate during the personal leaves. No personal leave of absence will be granted to employees who are incarcerated. Any employee who accepts other employment while on leave of absence will be considered to have quit his job.

Personal leaves of absence without pay must be a minimum of five (5) workdays.

Employees in the Attendance Control Program with forty (40) or more chargeable hours are ineligible for personal leaves of absence.

Section 2. Extension of Leave

Personal leaves may be extended for an additional period of thirty (30) calendar days upon approval of the Company. Such leaves will not be unreasonably withheld.

Section 3. Union Leave

The Union will notify the Company in writing in the event it is necessary for employees to have a leave of absence to attend to Union business. The Union will provide such notice as far in advance as possible. Such notice will stipulate the number of employees, not

to exceed twenty (20) in number and the duration of such leave. Such leaves and duration will be granted by the Company.

The Company will consider more than the aforementioned number of employees when requested by the Union providing the request would not abnormally affect the operation of the plant.

Section 4. Medical Leave

Employees who are unable to work due to injury or illness will be granted a medical leave of absence, provided the employee completes the application for medical leave and presents medical proof of inability to work covering the period of disability. The maximum duration of medical leaves will be based upon Employees' service with the Company to the same extent and period of time as they would maintain and accumulate seniority while on layoff.

Section 5. Military Leave

Employees who enlist in the Armed Forces of the United States or who otherwise are required to perform military service will be granted a leave of absence and shall be entitled to reinstatement to the extent and upon the conditions provided by applicable federal and state law.

Section 6. Federal Family Medical Leave Act

The parties recognize, understand and agree that the Federal Family Medical Leave Act, 107 Stat. 6, 29 USC

2601, took effect on February 5, 1994, for the employer's bargaining unit employees represented by the Union.

In some instances, FMLA leaves will be concurrent with leaves of absence covered by the Collective Bargaining Agreement. In those cases where the employee is eligible for leave under the Freightliner LLC-UAW Collective Bargaining Agreement and the leave also qualifies under the FMLA, the Company intends to comply with the requirements of the FMLA as well as the separate provisions of the Collective Bargaining Agreement regarding covered leaves of absence.

Pursuant to the Company's present plan for compliance with the FMLA, the Company's rights under the act will be modified to:

- Provide that an employee on FMLA leave will continue to accumulate seniority in the same manner as the employee also would be eligible under the Collective Bargaining Agreement, respectively, as appropriate.

- Permit, but not require, employees to substitute vacation and/or paid sick leave in single day increments for unpaid FMLA leave.

- Provide that employees who are married to each other will be each entitled to a maximum of twelve (12) weeks of qualifying leave under the Act.

- Continue Company-paid Group, Life, Accidental Death and Dismemberment, and Disability Insurance during all FMLA Leaves.

• Not automatically designate and apply absence time that is compensated under the short-term disability and/or long-term disability provisions of the Life, Disability and Health Care Benefits Program against an eligible employee's FMLA entitlement.

Problems related to the implementation of this letter may be discussed by the representatives of the UAW National Freightliner Department, and the Company's Employee Relations Staff.

ARTICLE XV DISCIPLINE AND DISCHARGE

Section 1. In the case of discipline, suspension or discharge, the Company agrees that an employee who shall have completed his probationary period provided for in Article V, Seniority, shall not be disciplined or discharged without just cause. In all cases, a copy of written discipline notifications will be provided to the Union within twenty-four (24) hours of issuance to the employee. The Union will be notified of suspensions and discharges at the time of such disciplinary meetings with employees. In cases where the immediate removal of the employee from the plant is required, the Union will be notified in writing of the disciplinary action within twenty-four (24) hours.

Grievances relating to suspension or discharge must be filed by the Union within five (5) working days from the date of notification, exclusive of Saturdays, Sundays, and holidays, and entered into Step 3 of the Grievance Procedure.

Section 2. Any employee who has been suspended or discharged may request the presence of his appropriate Committeeperson to discuss the case with him in a private setting, provided by the Company, unless the nature of his offense requires his immediate removal from the Plant. **Committeepersons in said meeting will not experience a loss of earnings.**

Section 3. The right to discipline suspend or discharge employees shall remain in the discretion of the Company except that the Company shall have the burden to show such discipline, suspension, or discharge was only imposed for just cause.

Section 4. Disciplinary records will not be used for progressive disciplinary purposes after one (1) year from date of issuance. **Upon request discipline in excess of one year will be expunged from the employees record.**

ARTICLE XVI HEALTH AND SAFETY

A. The Company shall make a significant effort to improve the safety and health of its employees during the hours of their employment and will commit the necessary human and financial resources to achieve this goal. To further the objectives of this program, each supervisor shall conduct bi-weekly informational meetings with employees and as appropriate health, safety and ergonomics issues will be discussed and employee input solicited. **Bi-weekly meetings will be conducted in quiet areas of the plant.** Minutes of the meetings will be documented. **Employees will be**

encouraged to communicate health and safety concerns during the bi-weekly meetings. Supervisors will attempt to immediately resolve the problem. If the problem cannot be resolved immediately, a Safety Awareness form will be completed by the employee or supervisor. A copy of the form will be provided to the employees, supervisor, union committee person and the safety committee. The employee will be informed when the problem is resolved.

B. The protective safety equipment, which will be provided by the Company, is set forth below. All personal protective equipment provided by the Company will continue to be of safe design and construction. Employees must wear the personal protective equipment, and make use of the protective devices and other safety equipment designed to protect them from injury and illness.

The company will make safety glasses and earplugs readily available to the employees and visitors upon entry into the plant. Safety glasses will be available at all times at the main plant entrance for employees and visitors.

The company will reimburse employees required to wear safety shoes \$75.00 per year. The company and union will select mutually agreeable safety shoe vendors.

Eye Protection Program

The company will provide plano (sic) and/or prescription safety glasses to all employees starting their employment with the Company. All employees are required to wear ZNSI-A87.1 approved safety glasses *in the course of their employment*. The employee will provide the Company with a copy of their prescription and assume the cost of such prescription. When glasses are damaged in the course of an employee's work, they will be replaced by the company at no cost to the employee. When a safety lens correction is required in the employee's prescription, the cost of such lenses and frames will be assumed by the Company: provided that the glasses are acquired from a common source designated by Freightliner; and further provided that the cost to the company will not exceed the cost of they glasses charged by the designated provider. The cost of replacement lenses and frames will not be assumed by the Company unless two (2) years have elapsed from the date of the last issue of prescription glasses, except for those instances where a change is necessitated by disease or injury in the opinion of a doctor. The replacement cost of glasses lost or damaged by improper care by the employee will be at the expense of the employee.

New hire employees will sign an authorization for deduction of the cost of prescription safety glasses from their *final pay check* in the event of termination during their probation period.

Miscellaneous

Personal protective equipment furnished employees except, for prescription glasses, must be returned to the Company when terminating employment. The cost of such equipment not returned in usable condition will be deducted from the employee's last paycheck, except for those items returned in unusable condition due to normal wear and tear.

Personal protective equipment that is damaged as a result of a workplace injury will be replaced at Company expense.

C. Employees must report to their supervisor any injury suffered so proper treatment can be administered by the First Aid Department or doctor. The Company shall promptly make adequate provision for first aid, hospital care, and ambulance service on all shifts (first, second and third).

The company will survey employees on the quality of care in the medical department. The survey will be jointly developed and the results shared with the members of the Safety Committee. Improvements may be implemented based on survey results.

The supervisor will be involved in the investigation of all reported serious injuries and, if determined that the serious injury was caused by an equipment malfunction, the investigation will be completed prior to another employee being assigned that machine, but no later than 24 scheduled hours.

D. If a medical examination or test given an employee by the Company discloses any abnormal conditions, the employee shall be informed of said conditions and shall be given a summarized copy of any written opinion or recommendation made by the doctor.

E. The Company will provide the Union Health and Safety Representative with a copy of the results of industrial hygiene surveys.

F. The company agrees to notify the Union Safety Representative in advance when possible, of health and safety inspections by OSHA, insurance loss control, boiler inspectors, city, county and state inspections related to health and safety, licensed health and safety inspectors and any health and safety consultants retained by the company. The Union Safety Representative will be afforded an opportunity to accompany such officials or consultants and provide any pertinent information to them. Upon request, provide a copy of such reports including those of insurance inspectors, to the Union Safety Representative regarding violations of applicable local, state, or federal codes or standards.

G. In an effort to monitor and control noise and air quality in the plant, the Company will purchase and maintain a multi-purpose sound level detection instrument and detector tubes for sampling air quality. The reading of air contaminants is restricted to those materials, which can be obtained from using a direct reading sampling pump, and NIOSH approved detector tubes.

The Union Health and Safety Representative, Alternate and Director of Health and Safety will be trained on the use of this equipment.

Safety Committee

There shall be a safety committee consisting of up to six (6) members either elected or appointed by the union and up to six (6) members of Management. The Plant Manager and the Local Union President shall serve as co-chairmen of the Safety Committee. The Safety Committee shall meet once each month to:

1. Consider and make recommendations for the corrections of conditions determined to be unsafe, unhealthy or unsanitary based upon plant inspections and employee observations. Completion dates will be established and under most circumstances should take no longer than sixty (60) days. Copies of such recommendations will be furnished to the appropriate company and union representatives.
2. Assist in obtaining better employee cooperation with the enforcement of accident prevention rules.
3. Review OSHA Form 300 results of Industrial hygiene surveys, Ergonomic issues, Material Safety Data Sheets, employee complaints, Outside Contractor Safety Program, Supervisor Accident Reports, local safety and health

education programs (such as lockout, Confined Space, Ergonomics, and Accident Investigation), and the written progress report made by the plant Safety Supervisor on the progress of recommendations made at the previous Safety Committee Meetings.

4. Review the status of Safety Awareness Forms.

5. Minutes of the Committee meetings shall be taken by one of the Company members, and if acceptable, signed by the Safety Supervisor and the Union Health and Safety Representative. Copies shall be distributed to the Safety Committee members.

6. Members of the Safety Committee will receive appropriate health and safety and ergonomics training in areas such as: Accident Investigation, Noise Control, Machine Guarding, Lockout, Confined Space Entry, Toxicology, Industrial Hygiene, Ergonomics, Fall Prevention, Ventilation and the Review of New Equipment. In addition the Union Health and Safety Representative, Alternate and the Manager of Health and Safety will attend two (2) mutually agreeable training sessions each year. One of the training sessions will be outside of the local area. The other training session will be held in the local area. The Company will cover expenses associated with both training sessions.

8. It is understood that the Co-Chairmen of the Safety Committee will be afforded an opportunity to participate in investigating occupational injuries and illnesses in the plant. Any applicable information and photographs will be made available for the Union to review. The Union Health and Safety Representative shall also have the right to conduct incident investigations and take photographs. The Company will promptly notify the Union Health and Safety Representative, Committeeperson and Director of Health and Safety of all significant injuries, illnesses and medical emergencies.
9. The Local Union President will be provided advanced notification of Industrial hygiene, noise and work station ergonomics evaluations, (excluding placement of employees with work restrictions) and be allowed to participate.

Ergonomics Program

It is the Company's and the Union's objective to establish and maintain an effective ergonomics program in order to control occupational related cumulative trauma disorders. The responsibility for program administration will be assigned to the Safety Committee. The Company and the Union agree to use their best efforts jointly to maintain a program which includes the following elements: injury and illness analysis, job analysis, employees' input and tracking of complaints, modification of equipment and methods and medical management.

1. The parties have agreed to jointly discuss and determine the program's implementation plan.
2. Injury and illness analysis of OSHA recordable and Workers' Compensation data will be conducted to identify jobs, pools and departments with the highest number and rate of cumulative trauma disorders. In addition, analysis will be conducted by type of injury and body part. The Safety Committee will utilize the reports to focus efforts in areas where risk is highest and to monitor the overall effectiveness of the ergonomics program.
3. The job analysis method described in Appendix B of the Washington State OSHA Ergonomics Standard will be used unless the parties mutually agree to an equivalent alternative process. The UAW Health and Safety Department will be involved in developing the training program for appropriate Union and Company personnel. Evaluations will be performed whenever:
 - An employee reports complaint of injury or risk of ergonomic injury;
 - An employee is diagnosed with an ergonomic injury;
 - Ø A Symptom Survey indicates a possible ergonomic risk factor.
 - The Company becomes knowledgeable of a ergonomic risk in a specific work activity.

Symptom surveys will be administered every two years.

The Company will make a good faith effort to conduct an ergonomic job analysis on all production and material handling jobs in the plant during the term of this agreement.

The components of a worksite evaluation will include but are not limited to; 1) asking the employee which work activity may be causing the injury or symptom, 2) identifying the specific work activities that are likely contributors to the ergonomic risk, symptom, or diagnosis, 3) observation of job, 4) identification and evaluation of risk factors and potential countermeasures to reduce ergonomic risk 5) asking the employee for ideas about minimizing ergonomic risk factors and 6) a description of the feasible control measures to be implemented. Such analysis includes input from other workers whose jobs will be affected by the modification.

Ergonomics job analysis will be conducted and documented within 15 days of a cumulative trauma disorder. A computerized database will be developed to store job analysis information.

4. Upon receipt of a job analysis the supervisor will attempt to implement job corrections. If the problem is not resolved the manager will attempt to correct the problem. If the problem is not resolved it will be referred to the Plant Manager and Safety Committee. A master list of all ergonomic problem jobs for the facility will be maintained. The Company agrees that a good faith effort will be made to implement ergonomic solutions within a three (3) month time frame after a job analysis determines that corrective

action is required. The parties acknowledge that there may be times when it may take longer than **three (3)** months to make the proper correction. The reasons will be documented.

5. *Ergonomics design guidelines will be established by the Safety Committee in conjunction with plant engineering personnel. The guideline will include a reasonable weight limit for repetitive lifting on production jobs. Appropriate Union and Company personnel, including engineers, will be trained on the use of such guidelines. The development of these guidelines will be a priority for the Safety Committee.*
6. *The Safety Committee will be involved with the development of an Awareness Training Program and will review injury and illness analysis reports and associated corrective measures.*
7. *With prior Company approval, the Safety Committee may seek advice from ergonomics consultants in order to resolve particularly problematic issues. Such approval will not be unreasonably denied.*
8. *Each member of the Safety Committee will receive basic ergonomics training and advanced training **by July 2004**. This training will insure that uniform job evaluations are conducted and record keeping systems are improved to maximize the effectiveness of the program.*
9. *An Ergonomics Awareness Training program will be developed and made available to all plant employ-*

ees. The Safety Committee will analyze injury and illness data and recommend areas where additional training may be needed.

- 10.** Medical staff personnel will be provided with appropriate education and training. Referrals will be made only to outside medical personnel competent to diagnose and treat cumulative trauma disorders.
- 11.** The Company will empower and encourage Supervisors, Managers and Staff Managers to recommend engineering changes in their respective areas.
- 12.** The Company has established and implemented a process to ensure that ergonomics issues are considered in all new and modified equipment and machinery.

Noise Abatement

The Company recognizes that noise induced hearing loss is a permanent and irreversible condition that significantly affects the quality of an employee's life. Management is committed to reducing noise levels in the plant. A comprehensive sound survey will be conducted at the plant to measure the sound exposures throughout the plant. The survey will identify the primary sources of noise and list feasible engineering controls to reduce exposure. The Company will develop and implement a noise abatement program. The program will include an annual listing of noise reduction projects and the specific machinery and equipment affected. The goal of the noise abatement program is to significantly reduce the number of employees re-

quired to wear hearing protection as a result of eliminating exposures to hazardous levels of noise. The Safety Committee will review the noise abatement program each year. The Company will establish an 80dBA specification for new machinery, equipment and powered hand tools. Deviations from the noise specification, when compliance is not feasible, will be reviewed by the Safety Committee. Powered hand tools will be evaluated for compliance with the noise specification and ergonomics design guidelines prior to purchase.

Lockout

Posted placards containing machine specific lockout procedures, listing equipment needed and verification methods, will be posted on all machinery and equipment based upon a list prioritized by the Safety Committee. **Appropriate employees, including production employees, will be trained in lockout and be provided necessary lockout devices.**

Review of New Equipment and Rearrangements

New equipment (including used equipment from other facilities) and rearrangements will be certified by the Facilities Manager and/or Safety Manager and reviewed with the Union Health and Safety Representative, when available prior to being placed into operation. Certification reports will be made available to the Safety Committee. The Safety Committee has developed a checklist of items to be reviewed during the certification process. The Safety Committee will review safety and health design guidelines and specifications from other companies and upgrade the existing new equipment review checklist.

Toxic Use Reduction

Effective control of hazardous materials will serve to protect the employees of Freightliner as well as the environment in the surrounding community. The Company is committed to the continuous reduction in the use of hazardous materials. This will be accomplished through process changes and on-going efforts to identify safer substitutes for materials currently in use. This program will be reviewed with the Safety Committee and is expected to reduce employee exposures and protect the environment.

Outside Contractor Safety Program

The Company will institute an Outside Contractor Safety Program and provide a copy to the Safety Committee for their review. The Company will notify the Local Union President, in advance, of contractors working in the plant. A Log of outside contractors in the plant will be maintained and a copy will be provided to the Local Union President. Management will conduct periodic inspections to ensure compliance. Contractors found to violate health and safety regulations and standards will be advised and will be expected to implement corrective action.

Fall Prevention Program

The Company will establish a Fall Prevention Program. Maintenance employees will be trained in the proper use of personal fall protection equipment. Personal fall protection equipment will be made available, properly stored and maintained. Refresher training will be provided on an annual basis. The Company will provide personal fall protection equipment to each skilled trades mechanic who is required to use such equipment.

Plant Emergency Response Drill

The parties agreed to an Emergency Evacuation Plan on First, Second, and Third Shifts. It was further agreed that an Emergency Evacuation Drill will be conducted on each shift. The drills will be conducted during the first and third year of this agreement. *These planned and pre-announced drills will familiarize employees with the emergency warning system, evacuation routes, and assembly areas.* Future drills will be conducted as deemed necessary by the Safety Committee. *The Plant Emergency Evacuation Routes will be periodically updated to reflect changes in the plant.* In addition, emergency coordinators will receive annual refresher training and the emergency alarm will be activated at least once a year, *at pre-announced times, for familiarization purposes.* Supervisors will review the evacuation routes and warning system with employees at least twice a year during supervisor safety meetings.

Audits

An annual comprehensive health and safety audit of the facility will be conducted by the Corporation, International Union, Local Union and plant Management. *The audit protocol and items included will be developed jointly utilizing materials from audit processes negotiated by the UAW at other companies, and the current corporate audit process.*

Working Under Suspended Loads

The Company will eliminate the practice of employees working under suspended loads in cab swing, engine swing and axle swing areas. Each task that currently requires employees to place part of their body under a suspended load will be identified and corrective mea-

asures will be implemented to address each including product design changes, moving certain operations to others stations and modification of tooling and methods.

Preventive Maintenance for Plant Ventilation Systems and Powered Tools

The Company recognizes the importance of ventilation systems to maintain a comfortable environment and control air contaminants and reduce the risk of fires and explosions. Preventive maintenance programs will be implemented to insure that plant ventilation systems operate properly. All exhaust ventilation and make up air units will be rated the highest priority. The manager of maintenance will review the program with the Safety Committee on a periodic basis.

A preventive maintenance program for powered hand tools shall be established within 90 days of the effective date of this agreement. Defective powered hand tools will be immediately removed from service and tagged out.

Liability

The International Union, Local Union, the Joint Safety Committee and Union officials, employees and agents shall not be liable for any work-connected injuries, disabilities, diseases, deaths, or loss resulting therefrom which may be incurred by employees of the Company or by third parties while on Company property. This is not intended to, and does not, increase the Company's liability in such cases beyond its normal exposure, if any (i.e., worker's compensation).

ARTICLE XVII NO STRIKES OR LOCKOUTS

Section 1. No Strikes

During the life of this Agreement, the Union shall not cause or support, nor shall any employee or employees take part in any action against the Company such as a strike, intentional slow down of production, or any other interference with or stoppage of the Company's work.

The Union agrees that if an unauthorized strike, slow down or other interference with or stoppage of work occurs, the local and International Union officials will immediately meet with the Company and take appropriate action to end the strike, slow down or other interference with or stoppage of work. The Union further agrees that in the event of a strike in violation of this Agreement, the Company may take disciplinary action up to and including discharge against those workers who take part in the strike. The Company, for its part, agrees that there shall be no lockouts during the life of this Agreement. As long as the Union, its officers, agents and employees comply with the above provisions, the Company agrees not to bring any court action for damages or take other action which is not provided for in this contract, against the Union, its officers, agents and employees for breach of this Section.

ARTICLE XVIII NO DISCRIMINATION

Section 1. It is the policy of Freightliner LLC and the UAW that the provisions of this Agreement be applied to all employees covered by this Agreement without discrimination because of race, color, religion, age, national origin, status as a qualified person with a disability, sex, including sexual harassment, sexual orientation, marital status, union affiliation and membership in any legal protected class and political affiliations.

In order to assure full knowledge and understanding of the forgoing principle on the part of the employees and all agents and representatives of Freightliner LLC and the UAW, the parties hereby incorporate the same in this agreement. Any employee who claims that, in violation of said principle, he has been denied rights guaranteed by this Agreement may complain as provided in the grievance procedure. Any such claim, when presented in writing, pursuant to step (1) of the grievance procedure, must contain a full statement of the facts giving rise to the claim and the reasons why the employee believes he has been discriminated against.

If appealed to step (2), the Committeeperson of the Local Union, before deciding whether to take the grievance up with the Department Manager, may refer the claim to the Chairman of the Civil Rights Committee. The Chairman, or in special circumstances, the Co-chairman of the Civil Rights Committee, will review the

alleged claim of discrimination and, if mutually agreeable, will conduct a joint investigation. The investigator will receive pay for time spent on the investigation, with the understanding that any overtime must be approved by the Human Resource Manager.

The grievance and arbitration procedure shall be the exclusive contractual procedure for remedying such claims.

ARTICLE XIX MISCELLANEOUS

Section 1. Work by Management Personnel

Non-bargaining unit personnel shall not perform bargaining unit work covered by this Agreement except in the following instances:

- A. To instruct or train employees
- B. To assist employees in emergency situations which are rare, unusual, and extraordinary in nature
- C. On experimental work, provided the Union has been given prior notification as to the specific nature of the work and its anticipated duration.

Section 2. Medical Personnel

In order to ensure prompt qualified medical attention, a nurse or certified Emergency Medical Technician (EMT) will be readily available in the plant during Production

hours to render first aid as required. This will also apply during periods of overtime when at least seventy-five (75) employees are scheduled to work. In addition, a list of trained personnel for emergency response purposes will be posted in the Nurse's Station. The listed trained personnel will also be certified in basic first aid and CPR.

An in-plant ambulance will be provided which is capable of transporting injured employees on a stretcher. This ambulance will be designated for the sole use of in-plant transportation of employees who are sick or injured. The Company will provide necessary medical supplies, oxygen, diagnostic equipment and a portable defibrillator. Four (4) trained persons, trained to the level of first responder, will be available on all shifts during the week. The Safety Committee will select emergency responders. Each emergency responder will be provided a communication device and have access to the Medical Department.

Section 3. Emergency Notification Procedures

To ensure that all bargaining unit personnel will receive immediate notification of outside emergencies, the Company agrees that such notification will be provided to the employee immediately and, in no event, any later than fifteen (15) minutes after receipt of such information. The Company further agrees that employees will be released immediately (if so requested) to attend to such emergency. The Company will log all emergency calls. The Union will have an opportunity to review the log and make copies upon request.

Section 4. Break Area and Lunch Rooms

All break areas and lunchrooms will be enclosed and air-conditioned. All such areas and amenities will be maintained in a clean and sanitary condition. The Company will afford break areas for Pool 1, 2, Final cab electric, offline-pool 3, and prepaint cab. All such areas will be maintained in a clean and sanitary condition. Whenever feasible such areas will be enclosed. All current break areas will be maintained if future space becomes available for break areas, such space will be utilized for that purpose.

Section 5. Legislation

If any of the Collective Bargaining Agreement is held invalid due to existing or future federal or state legislation, the remainder of this Agreement shall not be affected thereby.

Section 6. Garnishments

(a) The policies concerning garnishments will be handled by the Company subject to the following:

No disciplinary action will be taken against any employee unless:

- (i) A second and separate garnishment notice or demand against the wages of an employee has been received by the Company.

- (ii) A second and separate wage assignment against the wages of an employee has been received by the Company.

- (b) Notwithstanding the provisions of subsection (a) above, no disciplinary action will be taken against an employee because of the employee's inability to provide the Company the necessary release(s) and agreement(s) required in connection with a federal government lien against the employee's wages.

- (c) The Company and the Union agree that not withstanding any provision of this Agreement, they will comply with all applicable federal and state laws concerning disciplinary action relating to garnishment on wage assignment matters.

Section 7. Extreme Bad Weather Conditions

Employees who are unable to report for work during extremely bad weather conditions will not be penalized by the Company.

Section 8. Work Related Physical Exams

Periodic physical examinations and x-rays for spray painters and such other classifications, as required, shall be provided by the Company at no expense or loss of earnings, including loss of overtime to such employees. The Company will also provide pulmonary function tests for welders.

Section 9. Conflict between Company Rules and Contract

The Company shall not establish any work and/or safety rules which conflict with the express provisions of this contract. The Company is entitled to establish reasonable rules, which the Union has the right to challenge through the grievance procedure as to the reasonableness of those rules.

Section 10. Bulletin Boards

The Company shall provide bulletin boards in each amenities area for the exclusive use of the Union. The use of these bulletin boards shall be confined to the following notices:

- (1) Recreational and social affairs of the Union;
- (2) Union meetings;
- (3) Union appointments;
- (4) Union elections, including those required in the Union Constitution, and the results of such elections.

Section 11. Injury to Employees

When an employee sustains an injury in the plant, if necessary, the Company shall furnish transportation from the plant to the source of medical treatment and, if necessary, transportation home. Any employee who sustains an injury in the plant and returns from medical

treatment to the plant with medical restrictions, the company will make every effort to place the employee on a job within their restrictions. Any such employee who is not able to return to work shall be paid his applicable rate for the balance of his shift on the first day he is unable to work as a result of the injury. An employee who is able to work after sustaining an injury in the plant, but needs additional medical treatment shall be paid for all regular shift time necessarily lost for obtaining such treatment. The additional medical treatment will be sought during non-working hours whenever possible.

Section 12. Unjust Incarceration

Employees who have been terminated because of incarceration and who are later found by trial of a judge or jury to be "not guilty" will be returned to work without loss of seniority.

Section 13. Paid Bereavement Leave

1. Employees shall be excused with pay for five (5) scheduled workdays for bereavement leave in the event of the death of an immediate family member. Immediate family shall be defined as:

| | |
|-----------|---------|
| Spouse | Child |
| Stepchild | Parents |

2. Employees shall be excused with pay for three (3) scheduled workdays in the event of the death of one (1) of the following family members:

| | |
|----------------|------------------------|
| Brother | Son/Daughter-in-Law |
| Sister | Brother/Sister-in-Law |
| Parents-in-Law | Step Brother/Sister |
| Grandparents | Step Parents |
| Grandchildren | Step Parents of Spouse |

- Employees shall be excused with pay for one (1) scheduled work day in the event of the death of one (1) of the following family members: Aunt, Uncle, Great Grandparents and Grandparents-in-Law
- Employees shall have the option of using up to two (2) paid sick leave days or two (2) vacation days in connection with paid bereavement leave. Vacation days granted in conjunction with bereavement are not to be calculated in the percentages outlined in Article X, Section 4.
- In-Law relationships refer only to current spouse.
- Employees shall have the option to use up to two (2) paid sick leave days or two (2) vacation days to attend the funeral of persons other than those listed above with whom they have had close relationships. Employees must have prior approval to be paid and to have the absence excused. Vacation days granted in conjunction with bereavement are not to be calculated in the percentages outlined in Article X, Section 4.
- The appropriate shift premium will be paid for all bereavement leaves.

Section 14. Jury Duty Pay

When an employee is required to be absent from his regularly scheduled work to report for jury examination or jury duty service, he shall be granted time off with pay for all straight-time hours he was otherwise scheduled to work. In order to receive such payments, an employee must give the Company prior notice that he has been summoned for jury duty, must furnish satisfactory evidence that he reported for or performed the service and must report back to work promptly if released or excused by the court prior to 11:00 a.m.

Employees working second or third shift will be assigned to first shift during the period they are scheduled for jury service. Employees, who have received a valid court order or subpoena to appear in court during working hours as a witness and not as a principal in the court action itself, may receive pay for such time missed.

Section 15. Short-Term Military Duty Pay

A seniority employee who is called to and performs short-term annual training in the United States Armed Forces Reserve or National Guard shall be paid the difference between his daily military earnings (including all allowances except rations, subsistence and travel) and his regular base hourly rate for straight-time hours he otherwise would have worked up to 15 maximum work days per calendar year. In order to receive such payment, an employee must give prior notice and furnish a statement of military pay upon his return to work.

Section 16. Employee Sales Days

Employee sales days will be held once weekly on a designated day. Where practical, parts and products will be available for employees to purchase at cost. However, it is understood that the Company shall retain full discretion of the administration of the sales procedures as well as the types, quantities, and prices of items available for sale.

Section 17. Tools

The Company will provide and replace as necessary all required tools for employees to adequately and safely perform their duties.

Section 18. Alcohol and Drug Abuse

The Drug and Alcohol Policy attached as Attachment B was discussed during negotiations and was agreed to by the parties as the program applicable to all plant employees.

Section 19. Tuition Refund

The Tuition Reimbursement Policy for employees participating in approved degree programs and college courses will be modified as outlined below. All participants in the current Tuition Reimbursement Program must be re-approved for participation in degree programs. Below is a summary of guidelines that will apply.

General Guidelines:

- Employees must have one (1) year of continuous service to qualify for program approval.
- Employees in approved degree programs must take a minimum of three (3) credit hours per term to maintain active status.
- Employees may take up to 12 credit hours per term.
- Employees who successfully complete pre-approved tests for professional certification programs will qualify for reimbursement.

Specific Guidelines:

- Freightliner is in the process of negotiating discounted tuition rates (based on rates charged by state schools) with local colleges and universities.
- Employees will be reimbursed up to the discounted tuition limit based on grades earned.
- Reimbursement is based on the course grade received as follows:

For undergraduate courses:

A=100% B=90% C=50% Below C=0%

For graduate courses:

A=100% B=90% Below B=0%

- Employees may receive a 50% reimbursement upon registration, with the remaining reimbursement issued upon course completion.
- Additional details regarding the Revised Freightliner Tuition Reimbursement Program are set forth in the Tuition Reimbursement Program Policy Overview.

Section 20. Successors

This Agreement shall be binding upon the employer's successors, assigns, purchasers, or transferees whether such succession, assignment or transfer be affected voluntarily or by operation of law; and in the event of the employer's merger or consolidation with another Company or companies, this Agreement shall be binding upon the merged or consolidated Company.

Section 21. Payday

Employees will be paid each week on Tuesday. The first paycheck will be received on the second Tuesday following a new employee's first week of employment. Statements showing all deductions will accompany each paycheck.

The current practice of correcting paycheck errors will be continued.

A "direct deposit of payroll" feature will be available to all Mt. Holly Plant employees.

Section 22. Voting Area in Plant

A designated voting area in the plant for local Union elections will be established. The area will provide a reasonable degree of privacy for the purpose of allowing local Union members to cast ballots in elections for Grievance Committee persons, Local Union Officers and Delegates for UAW Conventions. Such voting will take place on employees' breaks; lunch hours, or before or after working hours. It is understood that the Union will involve the Personnel Department in making arrangements for this activity. It is further understood that this Agreement does not authorize any in-plant campaigning.

Section 23. UAW V-Cap Check Off

The Company will provide a payroll deduction procedure for employees who elect to make contributions to a UAW political fund. The Union shall indemnify and save the Company harmless from all claims, demands, suits, or other liability arising out of or by reason of any action taken or not taken by the Company for the purposes of complying with the provisions of this Agreement. The Union will also be responsible for providing the forms that enable the Company to initiate such deductions.

Section 24. Orientation Program

The Union and the Company will develop a Joint Orientation Program within 90 days of ratification. The joint Program will include Union participation in the explanation of all-eligible programs, continuing educa-

tion, apprenticeship, benefits program, health and safety, Union membership responsibilities, and participation.

The joint program will be conducted during normal working hours and all new hires will receive their starting rate of pay.

Duration of allotted time will be mutually agreed upon.

Section 25. Recreation Club

There shall be a Recreation Club consisting of three (3) members either elected or appointed by the Union and three (3) members of Management. The Recreation Club shall meet once each month to jointly administer and budget all joint recreation activities such as summer picnic, Christmas party, etc. Funding for these activities will be derived from the payments made by the Vending Machine Company to the Recreation Fund. The Union, upon request, will have access to all financial information regarding the fund and all activities and expenditures will be determined by the Joint Recreation Club Committee members.

Section 26. In-Plant Union Office and Equipment

The Company and Union will jointly agree to adequately equip (including furniture, computers, and file cabinets) the Union office. Phone charges for other than business will be the responsibility of the Local Union. A private adjoining office will be provided for the Local Union President/Chairman and a second office for Health and Safety and Benefits business. To the

extent necessary and to meet medical records retention privacy legislation, a third office will be provided. Air conditioning controls will be located in the union office area.

Section 27, Skilled Trades

1. It is understood that skilled trades classifications are recognized solely for administrative purposes relating to vacation, overtime, training, and job posting procedures. No jurisdictional craft restrictions will apply in the assignment of maintenance work. Employees may be assigned to any job to which they are qualified to perform. The Company will determine qualifications in assigning work.
2. The Company will offer training to skilled trades employees by seniority in their respective classifications. Training will be provided whenever practicable in advance of new equipment installation and technology changes. Training may be either on-site or provided by vendors at off-site locations.
3. During the 2000 negotiations, the parties agreed to add Industrial Truck Repair as an apprenticeship to the Apprenticeship Program. The program will be jointly developed by the Apprenticeship Committee, within 90 days of ratification of the agreement.
4. An employee having seniority in the plant, who enters the skilled trades group, will have a skilled trades seniority date as the day he or she enters the group.

However, it is understood that any previous seniority toward pensions, vacations, etc., will be maintained.

In the event of a reduction in force in the skilled trades, the employee's plant wide seniority date will be used for layoff and recall.

Section 28. Training

During the 1994 negotiations, the parties discussed cross training of employees within their regular assigned work group. It was agreed that such training is important to the Company and employees.

Accordingly, employees who wish to be trained on other jobs within their work group should advise their supervisor of their wishes so that training opportunities can be made as time and work schedules permit.

Section 29. Security Cameras

Security Cameras and devices will not be used for the purpose of monitoring employees' job performances.

Section 30. Freightliner LLC Products

Freightliner will establish an employee product program for employees, retirees and their immediate family members that includes a rebate directly from the Company. Specific re-bate amounts will be determined by the Company on a case-by-case basis in consideration of product model specifications, market conditions, and other relevant criteria. The General Man-

ager of sales and Marketing will administer this program for Freightliner LLC.

Section 31. UAW Decal

Within six months after ratification of this agreement, a UAW sticker will be placed at a mutually agreeable location on each M-2 vehicle manufactured at Mount Holly.

**ARTICLE XX
CONTRACT PRINTING**

The Company agrees that as soon as is practicable after signing and ratifying this Agreement (no later than sixty (60) days) to provide sufficient printed proofs of the Agreement to the Union.

The Agreement with calendars showing negotiated holidays (during the term of the agreement), will be printed by a union printer and copies will be returned to the Local Union within (90) days of ratification.

**ARTICLE XXI
SCOPE OF AGREEMENT**

Section 1. It is agreed that this written contract reflects the entire Agreement between the parties. Amendments or clarifications of this Agreement mutually agreed upon shall be reduced to writing, attached to, and shall become a part of this contract.

Section 2. The parties acknowledge that during the negotiations, which resulted in this Agreement, each has had the unrestricted right and opportunity to present

demands and proposals with respect to any matter subject to collective bargaining.

Therefore, the Company and the Union freely agree that during the period of this Agreement neither party shall be obligated to bargain with respect to any matter or subject not covered or referred to in this Agreement, nor with respect to any matter or subject referred to in this Agreement.

ARTICLE XXII AUTHORIZATION FOR CHECK-OFF DUES

During the 1994 contract negotiations for the Freightliner Mt. Holly, North Carolina truck plant, the parties agreed to a procedure for the authorization for check-off dues. The following will apply.

Subject to the limitations as provided by the laws of the State of North Carolina and/or Federal law, the Company agrees during the life of this Agreement, to deduct Union membership dues from the pay of each employee who is a member of the Union, in accordance with the procedures set forth herein and in Exhibit "1" described below. For the purposes of this Letter, pay from which Union membership dues may be deducted shall include all categories of payment to the employee, which the Union Constitution recognizes as appropriate for deduction of dues.

Upon receipt of a signed authorization which is in conformity with the laws of the State of North Carolina and applicable Federal law, the Company agrees to deduct from pay earned by employees who are mem-

bers of the Union the amount which is certified by the Union as membership dues, including any applicable initiation or reinstatement fees, and remit such amounts monthly to the local Union Financial Secretary. Employees who desire to authorize the request to the Company to make such deductions and payments of their Union membership dues shall use the form attached hereto as Exhibit "1" and entitled "Authorization for Check-Off of Dues." Such authorization shall be subject to the terms of said Exhibit and may be revoked by the employee as provided therein and as provided in Section 302(c) of the Labor-Management Relations Act of 1947, as amended. It shall be the responsibility of the Union to provide such authorization.

The Local Union Financial Secretary shall give written notice to the Company of the amount of membership dues, including initiation or reinstatement fees, deductible in accordance with the preceding authorization. In all cases where a deduction is made which duplicates payment already made to the Union by an employee, or where deduction is not in conformity with the provisions of the Union Constitution and bylaws and/or terms of this Agreement, refunds to the employee will be made by the Union.

All sums deducted shall be remitted to the local Union Financial Secretary not later than the fifteenth (15) day of each calendar month in which deductions are made. At the time of remitting the deducted amounts each month, the Company will furnish the local Union Financial Secretary with a listing of the employees, by name, social security number and amount deducted, for whom payroll deduction of Union membership dues was

made. The Union will give the Company prompt written notice of any errors in the listing or remittances.

Once each month, the Company will forward to the local Union Financial Secretary a listing of employees' names indicating the reason for failure to include any sum or sums, which ordinarily would have been checked-off from the pay of the employee, covered by the Agreement.

The Union shall indemnify and save the Company harmless from all claims, demands, suits, or other liability arising out of or by reason of any action taken or not taken by the Company for the purposes of complying with the provisions of this letter.

Freightliner Payroll will use the pay rate in effect for the last complete work week of each month for the dues deduction calculation the following month. Thereafter, all sums deducted will be remitted to the local Union Financial Secretary not later than the 15th day of each calendar month in which the deductions are made. Electronic reporting will continue to be used for this purpose.

Union Community Fund

The company will make monthly payroll deductions of employee contributions to the union community fund and transmit the amounts as instructed in the union community fund authorization agreement.

The parties agree and understand that this procedure is solely for the purpose of enabling Freightliner to remit

to the local Union Financial Secretary, all sums deducted, no later than the 15th day of each calendar month.

ARTICLE XXIII HEALTH AND WELFARE

The Company will continue a Health Care Plan for UAW represented employees that includes the same benefits as provided under the Freightliner Health Plan on the effective date of this Agreement. As an alternative, employees will be able to elect coverage under an available HMO or the Freightliner Point of Service (POS) Plan. The plans will be administered by the Company for UAW employees under the conditions set forth in Attachment C.

ARTICLE XXIV PENSION PROGRAM

The Company will continue a pension plan program for UAW represented employees with the same benefit levels and benefit formulas as currently provided in these negotiations. The Company will establish a separate pension plan for UAW represented employees under the conditions set forth in Attachment C.

ARTICLE XXV PAID SICK LEAVE

Section 1. Paid sick leave in the maximum amount of seven (7) days per calendar year will be accrued at the rate of 4.66 hours per month including the month in which an employee is hired. Any days not taken will be

accrued to a maximum of fifty (50) days. An employee with fifteen (15) or more days of accumulated paid sick leave may use five (5) of such days as an additional full week of vacation in accordance with normal scheduling requirements. An employee with twenty-four (24) or more days of accumulated paid sick leave may use ten (10) of such days as additional full weeks of vacation in accordance with normal scheduling requirements.

Section 2. Up to four (4) days per calendar year may be used as personal time at the employee's option provided these days off are scheduled in advance in the same manner as single days of vacation.

Section 3. Any employee with accrued Sick Leave of five (5) days may cash out the excess above five (5) days (cash out full days only) at any time.

Section 4. Paid sick leave may be used during the statutory waiting period by employees who are off work with compensable injuries. Employees who choose to use contractual sick leave to satisfy the unpaid waiting period will not have any adverse pay impact. Paid sick leave used for this purpose will not be reinstated.

Section 5. Commencing with ratification, and on an initial six-month trial basis, paid sick leave may be utilized in 1/2 day increments. Thereafter, continuation of this utilization will be reviewed every six months and may be discontinued at the company's discretion if there is abuse by employees, provided that the company will not

act arbitrarily. The Union will be provided with data relied upon by the company in making a decision to discontinue the utilization of 1/2 days.

Section 6. Sick Leave: Eliminate accrual on all leaves over 60 days (excluding Military Leave and FMLA) in duration.

ARTICLE XXVI SHORT-TERM DISABILITY

Employees absent from work due to prolonged medical or mental illness or injury will be eligible for payments of **70% of their** regular straight time wages during any fifty-three (53)-calendar days of absence per calendar year. Commencement of disability benefits requires an unpaid waiting period of five (5) consecutive workdays for each incident of illness or injury. Eligibility entitlement also requires that the employee be under the care of a physician who determines him to be unable to perform available work for which he is qualified.

At the employee's request, paid sick leave may be used to satisfy the disability waiting period.

There should be no interruption of the waiting period because of paid days from independently established benefits such as paid holidays. In other words, holidays should be counted toward the satisfaction of the five (5) day waiting period.

Independent benefits such as paid sick leave, holidays, vacations, jury duty pay, or any other paid days for the time not worked, with the exception of 41-time, will not

interrupt or extend the five (5) day waiting period. Moreover, where "paid days" occur during a five (5) day waiting period, there will be no pyramiding of independent benefits (for example, vacation pay plus paid sick leave or holiday pay plus paid sick leave).

Employees who are off on worker's compensation will have the option to supplement worker's compensation benefits with annual short-term disability paid days, if available.

ARTICLE XXVII LONG-TERM DISABILITY

The Company will continue the current Freightliner Long Term Disability Program as set forth in Attachment C.

ARTICLE XXVIII LIFE, ACCIDENT AND DISABILITY PLANS

The Company will continue to provide the same life, accident, and disability benefits to UAW represented employees that were available on the effective date of this Agreement.

ARTICLE XXIX "41 TIME"

In order to qualify for approved time off with pay as "41 Time," an employee's absence from work must be for one of the following reasons:

1. A sudden illness or accident of an immediate family member (i.e., unplanned, unscheduled, unantici-

pated) preventing the employee's presence at work. Immediate family members include spouse, child, brother, sister, parents, parents-in-law, grandparents, and grandchildren of employees.

Clarification: Eligibility will depend upon the necessity of the employee to transport or be present with the immediate family member when medical treatment is required at a hospital, doctor's or dentist's office. Pay for time not worked will be limited to the amount of time required to be present at the medical professional's office, plus a reasonable amount of travel time to and from the service provider and/or home or work.

"41 Time" benefits are not applicable to employees who are unable to work because of the need to care for an ill or injured family member.

2. In attendance where major or emergency surgery is to be performed on an immediate family member.

Clarification: As with No. 1 above, pay for time not worked will be limited to the amount of time the employee is required to be present, plus a reasonable amount of travel time.

3. Physician and dental appointments of employees which cannot be scheduled outside the employee's normal working hours.

Clarification: Employees are expected to, to the extent practical, schedule such appointments at times that do not conflict with their work schedules.

However, when alternative scheduling is not available and appointments must be scheduled during working hours, pay for time not worked will be limited to the amount of time required for the appointment, plus a reasonable amount of travel time.

An employee may be granted up to eight (8) hours of regular straight time off with pay for each separate occurrence of "41 time".

Clarification: The interpretation of "Separate Occurrences" is understood to mean the onset of a new and unrelated illness, injury, or appointment that would qualify for "41 Time" entitlement under Items #1, #2, and/or #3 above.

Employees are encouraged to make up the amount of "41 time" that they are absent. This time can only be made up within the workweek that it is taken. Pay for such time is at the regular straight time rate. Failure to make up time will prevent the achievement of perfect attendance. In order to receive pay, employees must fill out the "41 time" portion of the Request for Pay During Absence form and submit it to their supervisor for approval and subsequent processing.

The payment of "41 time" shall be at the regular straight time rate for time not worked during the course of a normal and regular workday. "41 Time" pay does not extend to absences which occur on overtime.

An employee may be granted up to eight (8) hours of regular straight time off with pay for each separate occurrence of those reasons covered under the "41 time" policy.

ARTICLE XXX
EMPLOYEE RETIREMENT SAVINGS PLAN 401K

The Company will continue to provide the current Freightliner Employee Retirement Savings Plan (401K Plan) for UAW-represented employees, subject to the following revisions. The Company will make every possible effort to have these revisions to the Plan in effect by December 17, 2000:

1. Increase the maximum employee pre-tax contributions to the full amount permitted under federal law.
2. Increase the allowed frequency of changes in employee contributions from twice yearly to quarterly.
3. Increase the allowed frequency of investment option changes and asset transfers from twice yearly to daily. Improve investment contribution flexibility to permit changes in increments of 1.0%
4. Increase the frequency of Plan Valuations from quarterly to monthly. Such valuations will include all contributions and earnings through the close of the prior month.
5. Increase the frequency of written Employee Statements of account balances from twice yearly to quarterly.
6. New participants may enroll in the plan on the first day of any calendar quarter following their date of hire.

7. Compensation will include all Cost-of-Living Allowances for purposes of Employee and Company matching contributions.
8. No more than one (1) \$75.00 loan fee will be chargeable to an Employee for an approved and completed loan transaction from a member's account balance.

Effective January 1, 1998, increase Company contribution to four percent (4%) on six percent (6%).

The Company may, at its option, establish a freestanding Plan containing all of the above agreed-upon features for UAW-represented employees.

Effective January 01, 2004, the loan transaction maximum, will be increased to two (2) loans at any given time.

The UAW/Freightliner Employee Retirement Savings Plan will remain in full force and effect for the duration of the Collective Bargaining Agreement of which it is a part. Any amendments to the Plan during the term of the Collective Bargaining Agreement must be made by mutual consent of the Company and the Union.

ARTICLE XXXI DURATION OF AGREEMENT

Section 1.

This Agreement shall become effective as of **June 19TH 2003**, and shall remain in effect until **June 19TH 2006**, and thereafter until either party serves a sixty (60) day

written notice to the other specifying a desire to modify or terminate this Agreement. Should neither party give such sixty (60) day notice, this Agreement shall remain in full force and effect until such notice is given and for sixty (60) days thereafter.

Section 2.

Upon receipt of said notice, the parties shall promptly arrange a mutually agreed upon date to commence negotiations pursuant to such written notice. Any new Agreement or contract modifications negotiated between the parties shall not be binding or effective unless reduced to writing and signed by the Corporate Representative and the Plant Manager and the members of the Local Shop Bargaining Committee, the UAW Regional 8 Director and the Director of the UAW Freightliner Truck Department.

In witness whereof, the parties hereto have set their hands and seals this 19th day of June, 2003.

Accepted for the Union by:

INTERNATIONAL UNION, UNITED AUTOMOBILE, AERO-
SPACE AND AGRICULTURAL IMPLEMENT WORKERS
OF AMERICA - UAW

NATE GOODEN, VICE PRESIDENT
DIRECTOR, UAW FREIGHTLINER DEPARTMENT

GARY CASTEEL

DIRECTOR - UAW REGION 8

STEVE JONES

ADMINISTRATIVE ASSISTANT

TERRY BOLTE

INTERNATIONAL REPRESENTATIVE

DEAN EASON

INTERNATIONAL REPRESENTATIVE

JOHN SMITH

INTERNATIONAL REPRESENTATIVE

WILLARD BECK

INTERNATIONAL REPRESENTATIVE

BRENT MARR
PRESIDENT, SHOP CHAIRMAN

KIM HOYLE
HEALTH AND SAFETY REPRESENTATIVE

TIM BRIDGES
BENEFITS REPRESENTATIVE

CLARK RIDDLE
COMMITTEE PERSON

STEVE AUSTIN
COMMITTEE PERSON

GREG NOLEN
COMMITTEE PERSON

TERRY COLE
COMMITTEEPERSON

TOMMY BRASWELL
COMMITTEEPERSON

DON McKNIGHT
COMMITTEEPERSON

ACCEPTED FOR THE COMPANY BY:
FREIGHTLINER CORPORATION

MARK MOSELEY
PLANT MANAGER

SCOTT EVITT
GENERAL MANAGER, HUMAN RESOURCES

WAYNE SIMON
HUMAN RESOURCES MANAGER

MIKE HELLER
LABOR RELATIONS SPECIALIST

ATTACHMENT A1 - GRADE 7**Classification****06-19-03****TOP RATE****\$23.92****Progression Steps****Senior Maintenance Mechanic
Senior Parts Fabricator
Robotic Technician****Start: \$15.18
6 month: \$15.68
12 months: \$16.18
18 months: \$16.68
24 months: \$17.18
30 months: \$17.68
36 months: \$18.18
42 months: \$18.68****48 months top classification \$23.92****Note: Leadpersons shall receive \$1.10 per hour above the top production wage rate for the work group they are responsible for leading.**

ATTACHMENT A2 - GRADE 6

Classification

06-19-03

TOP RATE

\$23.05

Maintenance Mechanic

Progression Steps

START \$14.07

6 months: \$14.57

12 months: \$15.07

18 months: \$15.57

24 months: \$16.07

30 months: \$16.57

36 months: \$17.07

42 months: \$17.57

48 months Top Classification Rate \$23.05

Note: Leadpersons shall receive \$1.10 per hour above the top production wage rate for the workgroup they are responsible for leading.

ATTACHMENT A3 - GRADE 5**Classification****06-19-03****TOP RATE****\$23.05****Inspector****Machinist****Sr. Painter****Parts Fabricator (Fuel Tank Welder)****Pre-Paint Body Specialist****1
1
1 Certified Production Welder****Start: \$14.07****6 months: \$14.57****12 months: \$15.07****18 months: \$15.57****24 months: \$16.07****30 months: \$16.57****36 months: \$17.07****42 months: \$17.57****48 months Top Classification Rate \$23.05****Note: Leadpersons shall receive \$1.10 per hour above the top production wage rate for the workgroup they are responsible for leading.**

ATTACHMENT A4 - GRADE 4

Classification

06-19-03

TOP RATE

\$22.25

Material Handler

Painter

Truck Assembler

Tool Crib Attendant

Start: \$12.95

6 months: \$13.45

12 months: \$13.95

18 months: \$14.45

24 months: \$14.95

30 months: \$15.45

36 months: \$15.95

42 months: \$16.45

48 months TOP CLASSIFICATION RATE \$22.25

Note: Leadpersons shall receive \$1.10 per hour above the top production wage rate for the workgroup they are leading.

ATTACHMENT A3 GRADE 3**CLASSIFICATION**

06-19-03

TOP RATE**\$20.37****Painter Helper****PROGRESSION STEPS****Start: \$14.07****6 months: \$14.57****12 months: \$15.07****18 months: \$15.57****24 months: \$16.07****30 months: \$16.57****36 months: \$17.07****42 months: \$17.57****48 months Top Classification Rate \$20.37****COST OF LIVING**

In addition to the regular hourly wage rates specified above, a cost of living adjustment will be made to employees on the active payroll of the company, who are at the top rate based on changes in the consumer index as follows: Effective 12/16/01, an increase in top wage rates will be based on \$.01 for each .1125 point change in the 1988 Revised Consumer Price Index, CPI-W, US Average (1982-84) between October 2000 (170.6) and October 2001. The cost of living increase which exceeds \$.75 will be added to the top wage shown above. Effective 12/15/02, an increase in top wage rates will be based on \$.01 for each .1125 point change in the CPI-W, US Average (1982-84) between October 2001 and October 2002. The cost of living increase which exceeds \$.50 will be added to the top wage shown above.

ATTACHMENT B

EMPLOYEE ASSISTANCE PROGRAM

During the 1990-1991 contract negotiations, the parties discussed the implementation of an Employee Assistance Program and the Company's Drug and Alcohol Policy.

It was also agreed that where the Freightliner Drug and Alcohol Policy allows for only one (1) opportunity for treatment for a drug or alcohol dependency via a "last chance agreement", Freightliner will provide for one (1) additional treatment opportunity for an employee under the following conditions:

1. The employee was a prior "last chance" participant who has satisfactorily completed the program and the agreement has been terminated;
2. The employee signs and abides by a second "Last Chance Agreement" under the same conditions as the first "Last Chance Agreement."

During or following treatment, the employee should not expect any special privileges or exemptions from standard personnel practices; and

Nothing in this statement is to be interpreted as constituting any waiver of Management's responsibility to maintain discipline or the right to invoke disciplinary measures in the case of misconduct, which may result from, or be associated with the use of alcohol or drugs or personal problems. The Union may exercise its right

to process grievances concerning such matters in accordance with the Freightliner-UAW Agreement;

It is understood that an employee who fails to meet all of these conditions at the time a second opportunity is requested or required will not qualify for the second opportunity and employment will be terminated for violation of Company Policy.

The employee who receives a second opportunity will be given leave of absence as needed; however, only medical coverage for treatment will be provided. The Company Short-Term Disability payments will not apply.

Freightliner and the United Auto Workers Union agree that if Employee Assistance Program Services fails to live up to the expectations of the parties, another provider of such services may be agreed upon by mutual agreement, provided the costs of such other provider is no greater than the current provider.

DRUG AND ALCOHOL POLICY

I. PURPOSE

This policy is intended to provide a safe and productive work environment for Freightliner employees by elimination of drug and alcohol presence or influence in the work place and to ensure the opportunity for continued employment to those who have a drug or alcohol problem by voluntary participation in a treatment program.

II. SUMMARY

This policy describes practices and procedures to ensure that work environments are free of the presence of illegal drugs and alcohol and that employees are capable of performing their tasks safely and efficiently without the influence of any legal or illegal drug or alcohol.

III. POLICY

It is Freightliner policy that employees may not possess, use, manufacture, or distribute illegal drugs or alcohol on Freightliner premises or be under the influence of drugs or alcohol on Freightliner premises.

The Company reserves the right to conduct a search of employees and their property and to require drug screening, at management's discretion, for the purpose of enforcement of this policy.

IV. DEFINITIONS

- A. **Illegal Drugs** - Any drug that is illegal under federal, state or local law. Any legal drug which has been illegally obtained or for which a valid prescription is required and lacking.
- B. **Under the Influence** - Behavior that adversely affects job performance, mobility, safety or speech with evidence of drug or alcohol usage. Drug or alcohol resulting in a positive drug screen.
- C. **Positive Drug Levels** - The minimum quantitative level for marijuana (THC) by urine sample is 50 ng/ml to be considered positive for drug testing purposes.

The minimum quantitative level for alcohol by urine sample is 38 mg/dl for reasonable cause testing. This is equivalent to 50 mg/dl by blood sample or .05% blood-alcohol.

The minimum quantitative level for alcohol by urine sample for testing in accordance with the "Last Chance Agreement" is 8 mg/dl. This is equivalent to 10 mg/dl by blood sample or .01% blood-alcohol.

All other drugs testing require only a positive identification.

V. PRE-EMPLOYMENT TESTING

All persons to be assigned employment will be required to take a physical examination, which will include a drug-screening test. Any applicant who fails the drug screen will be disqualified from employment and may not re-apply within one (1) year.

VI. RESTRICTIONS ON COMPANY PREMISES

- A. Illegal Drugs - The possession, use, manufacture, or distribution of illegal drugs or alcohol on Company property is specifically prohibited and will be cause for discharge.
- B. Under the Influence - Reporting for duty or working while under the influence of any drug or alcohol (whether or not legally intoxicated) is specifically prohibited and will be cause for suspension without pay or discharge, depending on the circumstances.

- C. Positive Drug Levels - Employees who are required to take prescription drugs, which may influence performance, must report such drug usage to management for determination of work capability. Failure to do so will be cause for disciplinary action.

VII. PROCEDURES

A. Testing -

1. **Impairment:** When the Company has reasonable cause to believe that an employee is demonstrating signs of impairment due to the influence of drugs or alcohol he/she will be taken to a medical facility for diagnosis and drug screening. Impaired employees are prohibited from driving and transportation arrangements will be made for them by the Company.
2. **Reasonable cause** shall be defined as those circumstances, based on objective evidence about the employee's conduct in the workplace, that would cause a reasonable person to believe that the employee is demonstrating signs of impairment such as difficulty in maintaining balance, slurred speech, erratic or atypical behavior, or otherwise appears unable to perform his/her job in a safe manner.
3. **Accident:** Employees who are involved in a preventable accident may, at management's discretion, be required to submit to drug screening. The Union will be notified in the event

a drug screening is required due to an accident. This language also applies to outside contractors in the event of an accident.

- B. Search - Employees may be required to empty the contents of their clothing, purses, and other containers if reasonable cause exists to believe that they are in possession of prohibited substances.

- C. Positive Test Results - Employees who have a positive drug screen indicating drug or alcohol usage will be placed in the Treatment Program as provided at VIII below.

- D. Failure to Cooperate - Employees who fail to cooperate with management's enforcement of this policy by refusing to allow a drug search, permit confiscation of suspected material, or submit to a physical examination and drug screen will be considered insubordinate. Such insubordination will be cause for discharge.

VIII. TREATMENT PROGRAM

One opportunity for treatment will be provided to employees who have a drug or alcohol dependency or a positive drug screen. Participation in a treatment program and continued employment will be in accordance with the terms and conditions of a written agreement provided by the Company. Such participation will be kept confidential, and employees will be excused from work or provided a medical leave of absence as required by the program.

IX. DISCIPLINE

Any discipline provided in accordance with this policy shall be characterized as "violation of Company policy".

X. FEDERAL CONTRACT EMPLOYEE REQUIREMENTS

In addition, employers who are engaged in the performance of a federal contract are required, as a condition of employment, to abide by Company's prohibition against controlled substances in the workplace and must notify the Company of any criminal drug statute violation occurring in the workplace no later than five (5) days after that conviction.

Company's prohibition against controlled substances in the workplace and must notify the Company of any criminal drug statute violation occurring in the workplace no later than five (5) days after that conviction.

ATTACHMENT C

BENEFIT PLANS

The following is an outline of pension, 401(k), health, life insurance and long-term disability benefits for UAW employees at Freightliner Corporation's Mt. Holly Plant as agreed between Freightliner and the bargaining unit's representative. Specific language for the respective plan documents is to be developed, and will reflect the content of this outline.

Pension Benefits

1. Freightliner will continue the existing plan which will be administered by the Freightliner Investment Committee in accordance with the plan and Master Retirement Trust documents. Freightliner will continue to fund the plan on an on-going basis as is necessary to ensure that the minimum funding requirements under federal regulations are met.
2. Freightliner will manage and administer the existing plan. A bargaining unit representative shall be entitled to participate in the dispute resolution process as described in Attachment C-4. All investment management shall remain exclusively under Freightliner's authority.
3. All Freightliner UAW employees who have retired since April 16, 1990 will be covered by the negotiated plan.

4. Freightliner and the UAW will nominate certain members to participate in a Joint Benefits Committee, such group to be responsible for activities specified in the Labor Agreement (Letter of Understanding).
5. Credited and vesting service will be granted for periods of disability, provided the employee remains disabled under the terms of the long-term disability plan, and during periods of union leave which are granted in accordance with Article XIV, Section 3, and Letters of Understanding, not to exceed Twenty (20) people at any one (1) time. Leave for any one (1) individual under Article XIV, Section 3 may not exceed six (6) months duration. Credited and vesting service will also be granted for periods of International Union Leave for any one employee for up to two years.
6. During the 1997 negotiations it was agreed that pension service credit would be computed from date of hire for all employees.

Health Benefits

1. Freightliner has established new and separate active and retiree health plans, with initial features and plan language parallel to the existing plans for active UAW employees and future UAW retirees. The affected plans will have the changes contained in Attachment C-1 effective January 1, **2004**
2. Health care benefits will include, for active UAW employees and retirees, the medical care plans

which have been expanded to include the Freightliner Point of Service (POS) medical care plan as described in material provided, effective January 1, ~~2004~~, with ~~NO PREMIUM CONTRIBUTIONS REQUIRED~~ from covered employees during the life of this Agreement.

Employees who elect to retain the HMO medical care plan may do so under these conditions:

- (1) Co-pay increased to \$15 on January 1, 2004.
- (2) The Company will maintain the HMO MEDICAL PLAN BENEFITS.
- (3) During the 1997 negotiations the current mail order prescription Drug Program will be added to the HMO Plan.

Employees who elect to retain the indemnity plan may do so. However, deductibles will be increased to \$300/\$600 with increased annual out-of-pocket maximums, effective January 1, 1995. The Company will maintain the cost of the indemnity plan benefits.

Health care options and features for the POS Plan, the Indemnity Plan, and the Managed Care Plan is shown in Attachment C-1, C-2 and C-3.

3. Transition to Point of Service

Open Enrollment for Mt. Holly employees will be held no later than November 2003. The following options will be available:

1. CIGNA Point of Service Plan
2. Freightliner Indemnity Plan (PPO)
3. HMO (Medical, Vision, Drug Coverage)

The current Dental and Vision Plans will be offered with NO Deductible.

The Express RX Plan will continue with co-pays equivalent to retail Rx.

Employees will receive new CIGNA identification cards as soon as possible.

4. Retiree Health Premium Trust

Employees who retire under contract on or after January 1, 1995 will be charged a health care premium based on the matrix. Four cents (4c) per hour for each hour paid will be deducted from wages and paid to a VEBA trust set up and administered by the Company. (Increased to .06 per hour effective upon ratification, .08 during 2004, and .10 during 2005). Administrative costs will be paid by the trust. Investment income stays in the trust. Trust pays the retiree premiums, if any, of any employee retiring during the term of the contract to the extent of funds available in the trust. No Company liability to pay retiree premium sharing amounts generated by the matrix beyond funds in the trust. All assets of the trust will be for the exclusive benefit of future retirees. The Company will make quarterly disclosures to the Union concerning the status of, and participation in, the VEBA Trust.

5. The following Indemnity Plan changes were agreed to during the 1991 negotiations:

- Increase the Maximum Lifetime Benefit payable for each covered person from \$1,000,000 to \$2,000,000.
- Continue the Mail Order Prescription Drug Program for long-term maintenance-type drugs. Co-pays changed to \$7.50 for generic and \$15 for brand during the 2003 negotiations.
- Cover Mammography as any other covered expense under the Health Plan, with no restrictions ON frequency.
- Cover Pap Smear as any other covered expense under the Health Plan, with no restriction ON frequency.
- Cover all medical components of Coordinated Home Health Care, including nursing services, home health aides, dietitians and nutritionists but *excluding all services classified as purely custodial.*

Cost-sharing for retirees will also begin in 1995 for those who retire on or after January 1, 1995. This means retirees will pay a percentage of the premium cost. The chart below shows the percent of premium that retirees will pay using a combination of age and service: 85 = 100% benefit: Chart Revised during 2003 negotiations.

6. Health plans coverage will be granted for periods of *disability, provided the employee remains disabled* under the terms of the long-term disability plan, and during periods of union leave which are granted in accordance with Article XIV, Section 3 and Letters of Understanding, not to exceed **Twenty** (20) people at any one (1) time. Leave for any one (1) individual under Article XIV, Section 3 may not exceed six (6) months duration.

Life Insurance Benefits

1. Freightliner will maintain Basic (Company-paid) Life Insurance, Supplemental (Employee-paid) Life Insurance and 24-Hour Accidental Death and Dismemberment Insurance plans with features and plan language **will be increased to equivalent levels currently available to management employees.**
2. Basic (Company-paid) Life Insurance coverage will be continued for periods of layoff for six (6) months. *Disability, provided the employee remains disabled* under the terms of the long-term disability plan, and during periods of union leave which are granted in accordance with Article XIV, Section 3 and Letters of Understanding, not to exceed **Twenty** (20) people at any one (1) time. Leave for any one (1) individual under Article XIV, Section 3 may not exceed six (6) months duration.
3. Supplemental (Employee-paid) Life Insurance and Supplemental (Employee-paid) Spouse Life coverage will be continued **during periods of** Disability

with a waiver of employee premiums, provided the employee remains disabled under the terms of the long-term disability plan. For periods of union leave, granted in accordance with Article XIV, Section 3, and Letters of Understanding, these supplemental insurance coverage may be kept in force by self-payment monthly. No more than **Twenty** (20) people may be on leave at any one (1) time, and no leave may be granted which exceeds six (6) months duration.

4. 24-Hour Accidental Death and Dismemberment Insurance coverage cannot (by insurance policy provisions) be extended for periods of disability or unpaid union leave.
5. Retire (Company-paid) Life Insurance of a \$5,000 lump sum death benefit will be provided for employees who retire under this contract.
6. Business travel accident insurance will be provided to company employees traveling on approved union business.

Long-Term Disability (Extended Sick Pay Plan) Benefits

Freightliner will continue the existing plan.

After disability ceases from ANY occupation, benefits will continue if disability prevents performance of any bargaining unit jobs available at the Mt. Holly plant which are consistent with their restrictions and to which their seniority would entitle them, but in no event will benefits

be extended beyond one year from the date the employee ceased to be disabled from ANY occupation.

Management and administration of the new plan shall be identical to the existing plan, except that with respect to any disputes as to eligibility to participate or calculation of benefits which arise during disability for the specific employee, a bargaining union representative shall be entitled to participate in the dispute resolution process. Should the dispute not be resolved on the basis of an examination by a physician appointed by the Company, an independent physician agreeable to both the Company and the Union will be selected, and the decision of this physician shall be binding upon the Company and the Union.

* Long-Term Disability (Social Security Carve Out): LETTER OF UNDERSTANDING DISABILITY

The Social Security Carve- Out will continue as specified in the Summary Plan Description. However, the offset will begin whenever Social Security Benefits are approved or one (1) year after the initial onset of disability, whichever occurs first. In any case, the over payment recovery provision will apply after six (6) months of continuous disability.

General. Applied to All the Above Mentioned Plans

1. Future changes in the plans, with the exception of the following categories, will be subject to the approval of the bargaining unit representative, which

approval may not be unreasonably withheld or unreasonably delayed:

- Those changes heretofore mentioned, or contained in specifically mentioned Attachments or Exhibits;
 - Legal changes which affect the benefit structure and over which Freightliner has no control;
 - Selection of insurance provider; and
 - Investment management of any trusts.
2. The new plans, or their interpretation, will not be subject to the grievance or dispute resolution procedure of any collective bargaining agreement.
 3. The plans, and the changes embodied in the plans, will be effective for the term of the Collective Bargaining Agreement.
 4. The Joint Benefits Committee referenced in the Labor Contract (Letter of Understanding) will be involved as set forth in the agreement between the parties.

The foregoing meets the common understanding of both parties.

ATTACHMENT C-1

BENEFITS CHANGES

1. Mammography. Non-investigational or non-experimental services prescribed by licensed physician, claims paid at 100%. Limit \$200/year.
2. Pap Smear. Non-investigational or non-experimental services prescribed by a licensed physician. Claims paid at 100%. Limit \$200/year.
3. Cover Vision care, as follows:

| | |
|-----------------|----------|
| Optometrist | \$ 50.00 |
| Ophthalmologist | 57.50 |

| | |
|----------------------|--------|
| Single-vision Lenses | 53.75 |
| Bifocal Lenses | 73.75 |
| Trifocal Lenses | 93.75 |
| Lenticular Lenses | 125.00 |

| | |
|--------|-------|
| Frames | 56.25 |
|--------|-------|

| | |
|--------------------|--------|
| Contacts (Regular) | 187.50 |
|--------------------|--------|

| | |
|--------------------------------|--------|
| Contacts (Medically Necessary) | 250.00 |
|--------------------------------|--------|

Frequency:

| | |
|-------------------|---------------------|
| All except frames | Once Per Year |
| Frames | Once Each 24 Months |

4. Hearing Aid. Non-investigational or non-experimental services prescribed by licensed physician or

licensed audiologist. Claims paid at 80%. Limit \$800/ any three (3) year period.

5. Layoff Benefits. Health insurance, Company-paid Life, and Accident and Disability coverage will be continued for employees on layoff for six (6) months beyond normal expiration dates for each plan. Employees are afforded twelve months of Cobra following this period. LETTER OF UNDERSTANDING: COBRA BENEFIT ENTITLEMENT WILL BE OFFSET BY THIS SIX (6) MONTH PERIOD.
6. Retiree Prescription Drugs. Provide retirees over 65 and their families with the same prescription drug program covering active workers and pre-65 retirees.
7. HMO Dental Cigna Improve all benefit levels to match those in the Point-of-Service and Freightliner Indemnity Plans
Company Short-Term Disability payments will not apply.
8. Healthcare – all plans; Increase co-insurance by 5% for all employees except office visits.
9. HMO: Increase co-pays by \$10.00 for doctor visits and by \$20.00 for hospital visits.
10. POS: Increase office visits co-pays by \$15.00.
11. Prescription drugs: Increase co-pays by \$7.50 for generic and by \$15.00 for brand. Applies to both retail and mail order.

12. Retiree Medical Cost Share: Revise age and service matrix so that age plus service in all combinations (except >85) increases by 10%. Factors of 85 or higher will require 0 co-pay. In addition, increase VEBA trust contributions by \$.02 per hour in each year (total of \$.10 per hour by third year).

13. Future Cost Sharing and Benefits Issues: Establish Joint Benefits Review Committee to implement a process for reviewing and controlling future additional medical costs and resolving benefits issues.

ATTACHMENT C-2
FREIGHTLINER MEDICAL PLAN COMPARISON

| | FREIGHTLINER POINT OF SERVICE PLAN (YOU CAN USE EITHER PLAN AT ANY TIME. IN-NETWORK SERVICES MUST BE DIRECTED BY PCP.) | | FREIGHTLINER INDEMNITY PLAN | HMO North Carolina (where available) |
|----------------------------------|--|--|--|---|
| | IN NETWORK | OUT-OF-NETWORK | | |
| Choice of Doctor And Hospital | Listed in-network doctor, hospitals and Medical facilities | Any licensed doctor, hospital and medical facility | Any licensed doctor, hospital and medical facilities | Medical care must be received from HMO doctors, Hospitals, and Medical facilities |
| Service area | specific counties in the provider Directory | Worldwide coverage: there are no service area restrictions | Worldwide coverage: there are no service area restrictions | Includes Gaston, Iredell, Mecklenburg Lincoln and Rowan Counties |
| Claim Forms | NO | YES | YES | NO |
| Calendar Year Deductible | NONE | \$300 Employee only \$600 Family | \$300 Employee only \$600 Family | NONE |
| Your copayment (or co-pay) | \$25 per office visit | 35% | 25% | \$15 per outpatient visit varies for other services |

| PLAN | 100% for office visits Coinsurance (after your co-pay) 85% payment of most other covered expenses | After deductible, 65% of covered expenses | After deductible 75% of covered expenses* | 100% after co-pay |
|--|--|--|--|--|
| Your Annual out- Of-pocket Maximum | \$375 employee only \$750 Family | \$1,050 employee only \$2,100 Family | \$1,050 employee only \$2,100 Family | \$600 per person \$1,200 per Family |
| Lifetime Maximum | \$2 million per person | \$2 million per person | \$2 million per person | Limit not published |
| Physician Services | | | | |
| Office Visits | \$25 co-pay per visit | 65%* | 75% | \$15 co-pay per visit |
| X-ray and Lab | 95% | 65%* | 75% | 100% |
| Hospital Visits | 85% | 65% | 75% | 100% |
| Surgery | 85% | 65% | 75% | 100% |
| Preventive Care | | | | |
| Physicals | \$25 co-pay per visit | not covered | not covered | \$15 co-pay per visit |
| Pap & GYN Exam | \$25 co-pay per visit | not covered | 75% | \$15 co-pay per visit |
| Well Child Care | \$25 co-pay per visit | not covered | not covered | \$15 co-pay per visit |
| Immunizations | \$25 co-pay per visit | not covered | not covered | 100% |
| Chiropractic Care | \$25 co-pay per visit: 60 day limit per condition | 65%, 60 day limit per condition | 75%* to \$35 per visit, 26 visits per year | covered in full if authorized by HMO Doctor |
| Emergency Room | 85% | 85% 65%* routine | 75%* | \$25 co-pay per visit at HMO |

| | | | | |
|-----------------------------------|--|---|---|---|
| Hospital Services | | | | |
| Inpatient | 85% | 65%* | 75%* | 100% |
| Out Patient surgery | 85% | 65%* | 75%* | \$25 co-pay per visit |
| Pre-Hospital Authorization | Automatic | Required: otherwise \$250 reduction in benefits | Required: otherwise \$250 reduction in benefits | not required |
| Maternity Care | \$25 co-pay per visit 85% delivery and hospital | 65% after annual deductible | 75%* after annual deductible | covered as any other condition for all female members |
| Family Planning | | | | |
| Vasectomy | 85% | 65%* | 75%* | \$15 co-pay |
| Tubal Ligation | 85% | 65%* | 75%* | \$15 co-pay |
| Infertility Office visit | \$25 co-pay per visit | 65%* | 75%* | \$15 co-pay |
| Infertility Surgery | 85% | 65%* | not covered | 100% inpatient |
| Prescription Drugs | \$7.50 generic \$15 name brand | \$7.50 generic \$15 name brand | \$7.50 generic \$15 name brand | \$12.50 generic \$20 name brand |
| MAIL ORDER: | \$7.50 GENERIC \$15 BRAND NAME | \$7.50 GENERIC \$15 BRAND NAME | \$7.50 GENERIC \$15 BRAND NAME | \$7.50 GENERIC \$15 BRAND NAME |
| Mental Health Care | | | | |
| Inpatient | 85% up to 45 days per calendar year | 65% up to 45 days per calendar year | 75% up to 45 days per calendar year Readmit | covered in full for 45 days renewed with lapse of 60 days from discharge to |
| Out Patient | \$25 co-pay per visit | 65%* per visit up | up to \$50 per visit | covered in full for 20 visits |

| | Up to 50 visits per Year | to 50 visits per year | up to 50 visits per year | per calendar year |
|--|--|---|---|--|
| Substance Abuse | | | | |
| Inpatient | 85% up to 45 days Per calendar year | 85%* up to 45 days per calendar year | 75%* up to 45 days per calendar year | covered in full for 45 days renewed with lapse of 60 Days from discharge to Readmit |
| OUT Patient | \$25 co-pay per visit Up to 50 visits per Year | 65%* per visit up to 50 visits per Year | Up to \$50 per visit up to 50 visits per Year | Covered in full for 35 visits or 70 group sessions per calendar year |
| Combined Maximums | Annual maximum of | Annual maximum of | Annual maximum of | N/A |
| For Mental Health & Substance Abuse | 45 days for inpatient or hospital day care | 45 days for inpatient or hospital day care | 45 days for inpatient or hospital day care | |

All benefits payable are based on reasonable and customary charges.

Separate maximums and limitations apply. Refer to Summary Plan Description for more information. This is only a brief summary of the benefits available under these plans. If there are any discrepancies in the communication materials, your actual benefit will be governed by the Summary Plan Description, plan document and/or insurance contract.

(1) Mental Health Care Benefits will comply with new Parity regulations.

ATTACHMENT C-3

SCHEDULE OF BENEFITS FOR EVALUATING HMOs TO BE OFFERED TO EMPLOYEES REPRESENTED BY THE UAW

BASIC BENEFITS

HMO - NORTH CAROLINA

Inpatient-Hospital

All Service must be provided, ordered prescribed, or recommended by the HMO or plan physician except in the case of emergencies where the HMO rules of reporting shall apply.

Room and Board

Semi-private room covered in full.
Private room covered if medically indicated.

Benefit Period

Unlimited

Maternity Admission

Unlimited

Surgery (includes plastic, cosmetic and reconstructive surgery for congenital abnormalities, correction of conditions resulting from accidental injuries or traumatic scars, and correction of deformities resulting from cancer surgery, or following medically necessary mastectomies, and for rhytidectomies when there is secondary visual impairment resulting from conditions such as Bell's Palsy).

No charge - covered in full. Exception: Plastic surgery or other services indicated primarily to improve appearance not resulting in significant improvement in physical function. Exception does not apply to services correcting significant disfigurement resulting from a non-congenital injury or surgery, or to treatment of congenital anomalies like cleft palate for eligible newborns.

| | |
|-----------------------------|---|
| Hospital Physician Service | No charge - covered in full. |
| Surgical Assistance | No charge - covered in full, when medically necessary. |
| Ancillary Services | No charge - covered in full. |
| Physical Therapy | No charge - covered in full when authorized by a HMO physician, as long as significant improvement continues to be achieved through treatment. Long-term rehabilitation is not covered. |
| Consultations | No charge - covered in full. |
| Pulmonary Tuberculosis | No charge - covered in full. |
| Affiliated Hospitals | No charge - covered in full. |
| Non-participating Hospitals | No charge if admitted by a plan doctor, or for an emergency. |

These are minimum benefits. Many plans have pluses. Once a plan is approved, no reduction in benefits may be made without prior approval of the Union.

ATTACHMENT C-3

SCHEDULE OF BENEFITS FOR EVALUATING HMOs TO BE OFFERED TO EMPLOYEES REPRESENTED BY THE UAW

BASIC BENEFITS

HMO - NORTH CAROLINA

Outpatient Services

| | |
|------------------------------------|--|
| Outpatient Surgery | No charge - covered in full.* |
| Hospital Services | No charge - covered in full. |
| Diagnostic Laboratory and X-ray | No charge - covered in full. |
| Routine Office Visits | No charge - covered in full.* |
| Doctor's Home Visit | No charge - covered in full* when medically indicated. |
| Physical Exams | No charge - covered in full.* |
| Pediatric Exams | No charge - covered in full.* |
| Allergy Testing and Injections | No charge - covered in full.* including serum. |
| Other Injections and Immunizations | No charge - covered in full. |
| Pap Smears (Annually) | No charge - covered in full.* |
| Physical Therapy | No charge* for up to 60 visits per condition when authorized by a HMO physician, as long as significant improvement con- tinues to be achieved through treatment. Long-term rehabili- tation is not covered. |

Extended Care Facility

Benefit Period

No charge - covered in full for skilled nursing care when prescribed or authorized by a HMO physician. Custodial care is not covered.

Physician Services

No charge. Unlimited number of visits, as medically necessary.

Consultation

No charge - covered in full.

In-Area

Emergency

Covered in full.* Authorization must be obtained as soon as possible, either before treatment (non-life threatening emergencies) or after treatment (life threatening emergencies).

Out-of-Area

No charge* - covered at 100% of UCR. Authorization must be obtained as soon as possible either before or after the occurrence (within 48 hours if hospitalized). This is world-wide coverage.

Ambulance

No charge - covered in full when medically necessary, to or from hospital, or both ways.

*** After a \$15.00 Co-Pay**

SCHEDULE OF BENEFITS FOR EVALUATING HMOs
TO BE OFFERED TO EMPLOYEES REPRESENTED BY
THE UAW

BASIC BENEFITS

HMO - NORTH CAROLINA

Mental Health Care

Hospital Inpatient

No charge for first 45 days when authorized by a HMO physician. Short-term therapy only.

Extended Care Facility

No charge - covered in full for up to 90 days if authorized by a HMO physician. Short-term therapy only.

Partial Hospitalization/
Psychiatric Admission

No charge for 90 sessions per calendar year. Two (2) days for each day of unused day of psychiatric hospitalization. Short-term therapy only.

Benefit Period

Renewable after a lapse of 60 days between date of last discharge and date of next admission.

Outpatient Psychiatric

First 20 visits per calendar year covered in full. Additional unlimited visits provided at non-member rates. Short-term therapy only.

Psychological Testing

No charge - covered in full when prescribed or authorized by a HMO physician.

Electroshock Therapy No charge - covered in full,
when medically necessary.

Alcoholism and Drug Addiction Care

In-Hospital No charge for first 45 days
when authorized by a HMO phy-
sician.

Benefit Period *Renewable after a lapse of 60
days between date of last dis-
charge and date of next admis-
sion.*

Outpatient Therapy First 35 visits/calendar year
covered in full.

Other Services

**Prescription Drugs In-Area and
Out-of-Area Participating
Pharmacy** Covered in full* - up to 30 day
supply if filled at HMO phar-
macy; or at in-area participating
pharmacies when authorized.
Insulin, insulin needles and sy-
ringes are covered.

**Out-of-Area Non Participating
Pharmacy** Covered in full* when autho-
rized. Claim form required for
reimbursement.

Chemotherapy No charge - covered in full.
Inpatient and Outpatient.

Blood

No charge - covered in full for administration and plasma. Whole blood and other blood products not covered unless replaced.

** After a \$15.00 Co-Pay*

SCHEDULE OF BENEFITS FOR EVALUATING HMOs
TO BE OFFERED TO EMPLOYEES REPRESENTED BY
THE UAW

BASIC BENEFITS

HMO - NORTH CAROLINA

Other Services (continued)

Coordinated Home Care

No charge - covered in full* when medically indicated.

Hemodialysis

No charge - covered in full. Inpatient and Outpatient.

Human Organ Transplants

No charge - covered in full for heart, heart-lung, kidney, kidney-pancreas, lung, liver, cornea, bone marrow transplants when specific medical criteria are met.

Radiation Therapy

No charge - covered in full for inpatient or outpatient care.

Prosthetic and Orthotic Appliances

No charge - covered in full when prescribed by a HMO physician.

Durable Medical Equipment

No charge - covered in full when prescribed by a HMO physician.

Private Duty Nursing No charge - covered in full when medically necessary.

Family Planning and Infertility No charge - covered in full,* except invitro fertilization and embryo transfers. Ovum transplants are covered in full.

Sterilizations No charge - covered in full.

Hearing Aid Benefits

Examinations Covered in full* when authorized by a HMO physician.

Hearing Aids A hearing aid is provided without charge when prescribed by a HMO physician or upon referral to a licensed audiologist and obtained from a provider approved by HMO. This benefit is limited to in-the-ear, behind the ear, and on-the-body models and may only be utilized once every 36 months.

Vision Care†

Exam Covered in full* once per calendar year.

Regular size Lenses and Frames Lenses for glasses are provided once per calendar year, according to the following schedule:

| | | |
|---------------|----|--------|
| Single Vision | \$ | 53.75 |
| Bifocal | | 73.75 |
| Trifocal | | 93.75 |
| Lenticular | | 125.00 |

** After a \$15.00 Co-Pay*

+ *Requires North Carolina Department of Insurance Approval.*

| | |
|---------------------------------------|---|
| <u>Vision Care (continued)</u> | A \$56.25 credit for frames is provided every two (2) years. |
| Limitations | Extra charges for no-line bifocals, tinting, scratch proofing, etc., are not covered. |
| Contact Lenses Allowance | \$187.50 Credit for contact lenses in lieu of lenses and frames for glasses; fitting and follow-up visits are not covered. (\$250 Credit for medically necessary contact lenses.) |

(Following cataract surgery, lenses or glasses are covered under basic benefits not the vision program).

(Following cataract surgery lenses, frames or glasses are HMO covered benefits).

Miscellaneous

| | |
|-------------------------------------|---|
| When enrolled in Medicare | Complementary Benefits |
| Maternity Benefits | Immediate |
| New Born Dependent Coverage | Date of Birth (Notify within 30 days) |
| Eligible Dependent Coverage | Age 26 and as set forth in the C.B.A. |
| Sponsored Dependents | Covered at employee's expense |
| Patient Grievance Procedure | Provided |
| Conversion Privilege | Provided |
| Enrollment Outside HMO Service Area | Not covered. However, members may retain membership if they move out of the service area. |

During the 1997 negotiations, the parties agreed that a dependent and health care flexible spending account option would be added.

ATTACHMENT 4

DISPUTE RESOLUTION PROCEDURE - PENSION PLAN

Freightliner agrees that a Dispute Resolution Board be established, consisting of one (1) managerial employee selected by the Company and one (1) UAW member selected by the Union.

This Board shall be empowered to:

1. Receive disputed cases and appeals from individual employees, limited to questions of Pension Plan eligibility, construction of credited and/or vesting service, and benefit calculations. Such disputed cases and appeals must be submitted to the Board in writing.
2. Establish appropriate procedures for reviewing disputed cases and appeals.
3. Consider and recommend methods of communicating with and furnishing information to employees regarding the Pension Plan.
4. Resolve disputed cases in accordance with then-existing Pension Plan provisions. The Board may not alter or amend the provisions of the Pension Plan.

If the Board shall not agree on resolution, an impartial Arbitrator may be selected in accordance with the rules of the American Arbitration Association, who shall consider the case and relevant facts and resolve the dispute. The impartial Arbitrator must not alter or amend the provisions of the Pension Plan, basing the resolution solely on the then-existing provisions of the Plan and the facts presented. The decision of the Arbitrator is binding on all parties.

The fees and expenses of the Arbitrator shall be paid one-half by the Company and one-half by the Union.

No ruling or decision by the Board or the Arbitrator in one case shall create a basis for a retroactive adjustment in any other case prior to the date of written filing of each such specific claim.

The Board shall be furnished with a copy of the following documents on an annual basis:

- Form 5500;
- The Actuarial Valuation;
- The Trustee Report;
- A census report for all active UAW employees, which will show credited and vesting service, date of birth, date of hire, date vested, current wage rate, and any other indicative data that should be reasonably requested by the Union;
- A census report for all retired UAW employees which will show date of retirement, benefit option elected, monthly benefit payment amount, and any other indicative data that should be reasonably requested by the Union; and
- Any other financial plan data requested by the full Board.

The above procedures shall apply in principle, but are subject to modification by the parties in their specifics as may be necessary for their incorporation in or coordination with Plan language and administrative procedures.

LETTER OF UNDERSTANDING

LEADPERSONS

This will confirm the understanding reached between the Company and the Union during the 2000 Negotiations concerning the Leadperson classification:

1. The primary general job responsibilities for Leadpersons are:
 - A. Communicating work instructions and job specifications when directed by management assigned to their work group.
 - B. Training employees.
 - C. Solving problems related to safety and quality of work.
 - D. Filling in for manpower shortages created by absenteeism, vacations, etc.
2. Leadpersons will have no vested authority in disciplinary matters involving other employees.
3. It is understood that no overtime shall be worked by a Leadperson without at least one employee from their assigned work group. It is further understood that the Leadperson shall be able to work overtime provided no eligible employee has volunteered for the overtime work.
4. Job posting, overtime assignments and vacation scheduling for Leadperson will be administered consistent with the current agreement.

Lead Person Clarification LOU

- : Leadperson will be assigned to a specific work group.
- : Leadperson reduction will be by the least senior leadperson in the work group.

- : Leadperson re-call will be by the most senior, involuntarily displaced or reduced from the classification to the work group they were a leadperson in at the time of the displacement.
- : Job posting form-employees must specify which work group they desire to be a leadperson in.
- : Vacation scheduling and overtime postings will be scheduled in the work group the leadperson is assigned.

LETTER OF UNDERSTANDING

ATTENDANCE CONTROL POLICY

The Company and the Union mutually agree that the Attendance Control Program implemented on March 1, 1992 and revised November 9, 1992, is a reasonable work rule.

An employee's regular attendance on the job is of vital importance for the efficient operation of our business. Disruption of established work schedules due to excessive absenteeism places a heavy burden on fellow employees as well as on the planning necessary to achieve production goals. In order to maintain acceptable standards of attendance and to provide for fair and consistent treatment of employees receiving corrective action for excessive absenteeism, the following attendance monitoring and absentee control program is effective November 9, 1992:

I. ABSENCES (Non-Chargeable)

Absences for the specific reasons listed below are not charged against the employee's attendance record:

1. Negotiated Paid Sick Time ("03 Time")
2. Short-Term Disability in Excess of Five (5) Days

3. Approved Military Leaves of Absence
4. Holidays
5. Vacations
6. Jury Duty
7. Court Appearance (only as a subpoenaed witness and not as a principal of the court action itself)
8. Bereavement (as defined in the Agreement)
9. Time Lost due to Industrial Injuries
10. Layoff or Temporary Plant Closures
11. Time Lost due to Plant Emergencies (power failures, bomb threats, tornadoes, etc.).
12. Disciplinary Suspensions
13. Approved Leave for Union Business
14. Approved Personal Leave of Absence (must be pre-approved and at least five (5) days in duration)
15. "41 Time" (if made up in the same week the absence occurs)
16. Medical Leave-(including the five (5) day waiting period).

II. ABSENCES (Chargeable)

Absences for the following reasons will be charged against the employee's attendance record (even though in some cases the time is paid)

1. Casual Absenteeism
2. "41 Time" (if not made up in the same week in which the absence occurs)
3. Tardy/Leave Early
4. Committed Overtime

Charges for the following situations will result in an additional charge of time equal to that time charged until the employee reports their absence or tardiness to the Company.

Late call in with 03 time available

Late call in without 03 time available

Late call in for bereavement leave

Late call in when an employee is going to be late

Late call in for workers' compensation injury

Late call in for medical leave (first day only)

Other situations such as car wrecks, being in the hospital, etc., will be looked at on a case-by-case basis.

Paid sick time (03 time) will automatically be paid from the absentee call in sheets.

III. PROCEDURE:

- A. The program will be administered on a continuous twelve (12) month basis beginning on the date of the employee's first chargeable absence. All chargeable absences will be accumulated over a twelve (12) month period. On the anniversary of the day in which an absence occurred, it will be subtracted from the employee's total. For example, if an employee was absent on December 1, January 3, and May 8, he would have a total of 24 charged absent hours on May 9. If no additional time was accumulated by December 2 of the following year, his chargeable hour total

would be reduced to 16 hours to reflect the subtraction of the eight (8) hours assessed on December 1 of the previous year.

B. The Corrective Disciplinary Steps are as follows:

1. 24 Hours - Notice
2. 40 Hours - Final Warning
(In Lieu Of Suspension)
3. 50 Hours - Termination

IV. EXCESSIVE SHORT-TERM DISABILITY:

When an employee's absence due to the number and/or frequency of short-term disability leaves becomes excessive, or establishes a pattern, the employee's attendance will be considered chronic. Employees who have chronic absences will be counseled by the Personnel Department. The employee will be warned and given a set of conditions, determined by the Company, which must be met. Should the employee fail to meet these conditions, he will be subject to corrective disciplinary measures up to and including discharge. Each case will be decided on its own merits.

V. TARDINESS OR LEAVE EARLY

Tardiness and leave early occurrences (except for reasons listed above) will be charged against the employee's attendance record.

LETTER OF UNDERSTANDING

ATTENDANCE CONTROL POLICY

This letter memorializes the Parties' understanding and agreement concerning modification to, and administration of, the Mt. Holly Attendance Control Program, which was implemented effective March 1, 1992.

The Union acknowledges the "no fault" program is reasonable when modified as follows: First, paid sick leave provided in Article XXV will not be a chargeable absence under the program; second, the Local Union and Local Management will mutually agree upon appropriate progressive disciplinary steps culminating in termination for excessive absenteeism at fifty (50) chargeable hours. Third, employees are required to report an impending absence by no later than the start of their scheduled shift. All other provisions of the March 1, 1992 Attendance Control Program are unchanged.

LETTER OF UNDERSTANDING

SICK PAY ("03 TIME")

To streamline the pay request procedure the Union and the Company agree that employees' sick pay ("03 time") will automatically be paid from the absentee call in sheets.

Each day of absence must be reported using the TIPS call in system (7048227425). On any occasion when the TIPS system is inoperable, absences can be reported by notifying plant security (7048227296 or 7048227302).

LETTER OF UNDERSTANDING

SUBCONTRACTING

The following sets forth the provisions of an understanding reached in negotiations with reference to subcontracting by the Employer. Because of the fears expressed by the Union that the Employer would subcontract work that could be performed by the Employer's employees during a period when employees are on layoff, the following assurances are given:

It is not the intent of the Employer to subcontract work customarily performed by the Employer in the Mt. Holly Plant with its own employees, during a reduction in force, or which would directly result in a reduction in force.

It should be understood that in some instances subcontracting involves considerations of production schedule, the lack of machinery and/or equipment or economic factors that will *compel management to subcontract some functions*. On the other hand, it is generally to the Employer's advantage to *perform as much of the work with its own employees as possible*.

During the **2003** Negotiations, The Company **Reaffirmed its commitment to** keep the Union informed of work that is normally performed by bargaining unit employees that is being considered for sub-contracting prior to awarding a contract. **The Company further commits to give advanced notification in writing to** the Union **describing the contemplated work to be subcontracted and its reasons**. **If the Union** feels that such work is within the capability of the bargaining unit, and can be feasibly and competitively performed by bargaining unit employees, *representatives of the Company and the Union will meet together as a joint labor/management sub-contracting committee to discuss this possibility.*

LETTER OF UNDERSTANDING

INTERNATIONAL UNION LEAVE

The Company will grant Union Leave for one (1) employee for up to two (2) years for full-time Union service leave. The *employee on such leave shall maintain and accrue seniority*. Time on Leave will be counted for pension plan coverage.

LETTER OF UNDERSTANDING

UNION REPRESENTATION

It is understood by the Company that the three (3) full-time Union Representatives specified in Article III of the Labor Agreement will have all such time counted as time worked for all purposes under the contract and related benefit plans, including but not

limited to: the Pension Plan; the Life, Accident and Disability Plans; the Health Care Plans; Holidays, Vacations; and the Employee Retirement Savings Plan (401(K)).

LETTER OF UNDERSTANDING

U.S. HEALTH CARE SYSTEM CONCERNS

December 16, 1991

Freightliner and the UAW have long recognized the major problems we jointly confront with the U.S. health care system. The Corporation and the UAW share a serious concern about the high cost and open-ended financing of the health care system and the large number of uninsured. The high cost of health expenditures diverts corporate funds from other business priorities that will enable Freightliner to compete more effectively in the market place. The increasing amount of national resources allocated to health care at the expense of other national priorities, adversely impacts the nation's ability to compete with other industrialized countries.

Both Freightliner and the UAW share the common objective for a high quality health care delivery system within our nation that is accessible to all and which functions in a cost effective manner. In this regard, Freightliner and the UAW jointly agree to support approaches directed towards achieving prompt and lasting national policy solutions, which will assure high quality care to all individuals. Such approaches should include strong cost containment, equitable financing, and appropriate quality assurance mechanisms.

LETTER OF UNDERSTANDING

LOCAL UNION LEAVE

For purposes of "compensation" under the Pension Plan, employees of the Company who are on approved union leave will be paid for such union leave time by the Company, provided that the Union shall promptly reimburse the Company monthly for all pay provided for time not worked.

LETTER OF UNDERSTANDING

OVERTIME SCHEDULING

It is not the intent of the Company to schedule mandatory overtime work when there is not a good faith reason to believe that the overtime work may be required.

However, it is recognized that there are occasions when scheduled overtime work will be cancelled.

The Company will endeavor to consider employees' personal circumstances and potential hardships in the event it is necessary to cancel scheduled overtime.

LETTER OF UNDERSTANDING

ACCIDENT INVESTIGATION PROCEDURE

This letter memorializes the "Parties" understanding and agreement concerning accident investigations. The policy for investigations of accidents is:

1. Upon notification of an accident the supervisor will ensure that if there are any injuries that medical attention is provided immediately. As soon as possible the supervisor will notify the Union representative.

2. The Supervisor will investigate the accident and document the results of his/her investigation. This documentation will be forwarded to the Safety Manager.
3. The Employee who caused the accident may be required to submit to a drug test within twenty-four (24) hours from the time of the accident. The employee will not lose any wages or benefits that he/she is entitled to while awaiting the drug test results.
4. The Employee may be subject to appropriate discipline and/or treatment program depending upon the circumstances of the accident. This decision is independent of the drug test results.

This "Letter of Understanding" does not change or modify Article XVI of the Collective Bargaining Agreement.

LETTER OF UNDERSTANDING

MONDAY or FRIDAY ABSENCES

The Company may require that single day absences on a Monday or on a Friday be supported by a doctor's certificate which verifies that the employee was unable to work. This will be applicable only to employees who are in the Attendance Control Program, or where there is a reasonable suspicion that the request for paid sick leave was utilized for purposes other than sickness.

LIGHT DUTY PLACEMENT

The Company will attempt to place employees with medical restrictions into jobs they can perform. However, in doing so, it is understood and agreed that more senior employees cannot be displaced by less senior employees.

LETTER OF UNDERSTANDING

401-K PLAN ENHANCEMENT

The purpose of this memo is to further clarify the proposed 401-K plan enhancement in the Company's last, best and final proposal (Item 3-A) dated December 19, 1997.

The Retirement Savings Plan for UAW - represented employees will be amended, effective January 1, 1998, to provide for a matching contribution for each participant equal to 66 2/3rds percent times the participant's tax-deferred contributions, disregarding the participant's tax-deferred contributions in excess of 6 percent of the participant's compensation.

LETTER OF UNDERSTANDING

HMO-DENTAL (CIGNA) PLAN

This memo is to confirm the agreement that was reached during 1997 negotiations to eliminate the individual and family deductibles for participants enrolled in the Coventry HMO-DENTAL (CIGNA) Plan.

There will be no deductibles under this plan effective January 1, 1998. All benefit levels will meet or exceed those in the Point-of-Service and Freightliner Indemnity Plans.

LETTER OF UNDERSTANDING **SKILLED TRADES**

This will confirm the understanding reached between the Company and the Union during the 2000 negotiations concerning skilled trades.

1. A. Maintenance Helper classification will be deleted from the agreement. Current employees in the maintenance Helper classification will be reclassified as Millwrights.
- B. All preventive maintenance work for the P-mix system, paint system and all tool repair in the Paint Department, will be assigned to skilled trades.

The Company will have up to one (1) year to train the proper skilled trades employees.

2. In all areas where there are robotics, skilled trades will do all preventive maintenance and will be the first responder to all repairs. Robotic Technicians will advise the trades when needed.
3. Skilled Trades will be utilized to replace all filters with the exception of filters located below grating.
4. The Company and the International Union agree to meet within 90 days of ratification to review apprentices and apprentice programs.

Letter of Understanding

Displacement/ Balancing of Manpower during the elimination of a work group or reduction of force (Lay Off).

1. When it becomes necessary to displace or balance manpower from a work group to another work group or "work groups" the Company will provide a list of jobs and work groups where the employees will be absorbed. The Company will then start with the most senior of the work group, the employees will be given a choice of displacement by seniority.

2. If sufficient volunteers are not acquired the least senior employees will be displaced.
3. If the employee volunteers to be displaced he/she loses the right to job bid for six months. Employees who volunteer to be displaced lose all homestead rights to the original work group.
4. If employees are involuntarily displaced into a work group, they are considered displaced for one year. If it becomes necessary to displace or balance manpower out of their new work group, the displaced employees will be the first to be displaced to other areas in the plant.

LETTER OF UNDERSTANDING

HEALTH AND SAFETY ISSUES

During the 2000 negotiations the parties spent significant time discussing opportunities to improve the health and safety program at the Mt. Holly facility. Accordingly, management agrees to make the following improvements:

1. A preventative maintenance program will be established to insure that dollies are maintained in a safe condition within 90 days. The manager of maintenance will review the program with the Safety Committee.
2. Pre-paint body station sanding areas will be enclosed and additional ventilation installed to reduce exposure to dust within 6 months. Alternatively, the company may enclose the downdraft area and route the in process units around to the east of the area to be enclosed through a new opening and into the first prep booth. The use of vacuum grinder/sanders and wet grinding/sanding methods will be investigated and the policy of not using compressed air to cleanup the area will be enforced.

3. Ventilation will be improved in the flash off area to reduce heat and exposure to air contaminants by extending an exhaust duct into this area. Additional cool air will be provided for this area.
4. The ventilation system on the seam seal oven will be improved to prevent smoke from exiting the oven when the doors are opened within 90 days. A new roof gutter seal that will signal failure of the ventilation system. Should the above improvements fail to resolve the seam seal oven smoke issue, additional ventilation will be installed.
5. A non-flammable material will be evaluated for washing the hoods to eliminate fire hazards.
6. Oil, diesel fuel, paint and other hazardous materials will be stored in properly labeled closed containers.
7. The practice of driving trucks without brakes or with inoperative brakes will be immediately stopped.
8. The tire/wheel manipulators will be repaired, lubricated and placed on the preventive maintenance program to allow rotation of tire/wheel assembly during installation within 14 days. Should the existing manipulators fail to meet this requirement, new manipulators will be designed and manufactured.
9. The practice of blocking aisles will be discontinued.
10. Local exhaust ventilation will be installed to reduce exposure to welding fumes in FL-90 within 180 days.
11. The practice of pushing one truck with another truck will be discontinued immediately. A tug and rigid tow device will be used exclusively to move disabled trucks off the line within 90 days. During the interim a wrecker will be used to remove disabled trucks from the line.

12. A new local exhaust ventilation system will be installed in the fifth wheel weld area to reduce exposure to welding fumes within 90 days. The use of an exhausted mig welder will be investigated for use on this operation.
13. A plant wide effort will be made to improve housekeeping, material storage and reduce the number of hoses on floors. Special emphasis will be placed on the chassis line at the end of the axle line which is often cluttered, caused by excessive production of axles, results in employees having to physically move several axle assemblies to get to the one that has to be installed.
14. The Safety Committee will establish a safe spacing distance between assemblies in all areas throughout the production process within 90 days. During the interim, a minimum four foot spacing distance will be accommodated at any powered conveyor line. A six foot minimum safe spacing distance has been established for the chassis conveyor line. Management will insure that all safe spacing distances are enforced.
15. The use of spark producing tools will be eliminated immediately in designated hazardous locations.
16. Management will discontinue the practice of assigning employees to jobs that require them to be under moving trucks.
17. Management will insure that suspended loads are not left unattended.
18. Ventilation in the E-Kote area will be improved by installing a new exhaust ventilation unit to reduce exposure to air contaminants within 6 months. Existing ventilation systems will be cleaned, repaired and included in the preventive maintenance program.

During the 2003 negotiations the parties spent significant time discussing opportunities to improve the health and safety program at the Mt. Holly facility. Accordingly, management agrees to make the following improvements:

1. Installation of local energy control, keyed devices which enable employees to stop the line and prevent restart by another employee will be installed at the turn and sell conveyor area within 90 days. The energy control procedure will be posted at each energy control device. Employees who activate an e-stop to prevent a hazardous condition will remain at the station until management eliminates or controls the hazard.
2. Ventilation systems will be properly maintained and the filters changed on a timely basis. Comply with contract language from 2000 agreement.
3. Restrooms will be cleaned, painted, repaired and properly maintained. Restroom ventilation systems will be upgraded to comply with the ANSI/ASHRAE 62-2001 standard. The plant manager or designated staff manager and the Union Health and Safety Representative will inspect the washrooms once a week until it is mutually agreed that significant improvement has been made and a system is in place to sustain it.
4. Hazards associated with speeding up the line will be addressed by: modifying system controls to limit the maximum speed of the line to normal speed line plus 30%, maintaining a log of changes in line speed on each line, limiting the number of management personnel authorized to increase line speed, notifying employees on the line in advance of increasing line speed and correcting maintenance and production problems that cause downtime.

5. Air lines that create tripping hazards will be festooned or modified to eliminate the hazard in areas such as engine swing on A and B lines, seat installation, CRC and Cry station at Amenities A.
6. The Company will purchase the necessary equipment to eliminate manually pushing the tire wheel cart(s) to A and B chassis lines within 120 days.
7. Minimize the practice of starting trucks in pool 3. In-house air will be used to perform necessary tests. Additional roof exhaust will be installed by October 1, 2003.
8. Braces will be installed, within 90 days, to support the Chalmers suspension.
9. Enforce the procedure to prohibit working under suspended loads and leaving cabs suspended on cranes unattended. In addition, the Company will install sufficient safety devices to prevent another cab from being lifted while a cab is in the stand.
10. Trucks with missing parts or inoperative brakes will be tagged and pulled from the line with a rigid tow device only.
11. A policy has been established and will be enforced which prohibits remote (out of line-of-sight) programming of automated equipment and robots which effects machine motion or functional operation.
12. Appropriate mutual agreeable medical exams and evaluations including but not limited to kidney function, liver function and lung function will be made available to welders and employees in paint, maintenance, body station and E-Kote on an annual basis.

13. Safety devices will not be by-passed or defeated under any circumstances.
14. Employees will be properly trained prior to being released on the job.
15. The practice of blocking aisles will be discontinued (especially between the M-2 and rework area, Paint and Cab Line area, Hood Build Up and Offline Restroom area).
16. Slippery floors and poor house keeping in the plant will be corrected. The Company will identify the cause of all fluid leaks and spills in the plant, and implement corrective action. The Company will establish a check tag system procedure to indicate missing parts prior to the next station.
17. Fatigue matting will be installed in the Cab Assembly, Front Axle, Rear Axle Assembly, Offline Area and Upper M-2 Assembly Deck within one year. The Safety Committee will establish the implementation Plan. The matting will be the same as that which was installed in the Chassis Line Area. Plating in the center of Turn & Sell will be replaced with non-slip plating or have a non-slip surface applied.
18. Resolve all issues relating to automation and robotic operations in the Body Shop.
19. A dispenser with disposable ear plugs will be installed at the Plant Entrance and Stocked appropriately.
20. Sound levels of horns and buzzers will be reduced to the minimum level necessary within 90 days.
21. Eliminate the practice of employees working under suspended loads including installation of Henderson Suspension.

22. Rolling ladders or equivalent piece of equipment will be installed in the two make-up air units for the chassis/wash paint booth.
23. Provide a storage area for filters on the roof. In addition, the company will install the necessary equipment to safely transport filters to the roof.
24. An additional table will be installed in pool #1 slat conveyor for the Henderson Suspension.
25. Eliminate the practice of manually installing seats on the line. A lifting device will be installed to accommodate safe seats within 120 days.
26. Provide tire/wheel manipulators on the B-line within 90 days.
27. Eliminate manual lifting of the brake assembly on the rear axle line.

LETTER OF UNDERSTANDING

WORK WEEK DEFINED

The regular scheduled work week starts at 12:01 am, Monday and ends 168 hours thereafter, except for those employees on third shift operations starting Sunday night in which case their regularly scheduled workweek starts with the beginning of their shift Sunday night and ends 168 hours thereafter.

A. TIME AND ONE-HALF

1. For time worked in excess of eight (8) hours in any continuous twenty-four (24) hour period, beginning with the starting time of employee's shift.

2. For time worked on Saturday.

B. DOUBLE TIME

1. For time worked on the calendar Sundays.
2. For time worked on the calendar holidays.
3. All hours worked in excess of ten (10) hours on Saturdays.
4. All hours worked in excess of ten (10) hours per day.

LETTER OF UNDERSTANDING

This letter serves to clarify report-in pay language in regards to the following specifics:

1. Power failure is understood by the parties as a major power failure, i.e. On the employer's side of utilities where the transmission of power to the load side is interrupted by unforeseen failure of such items such as transformers, breakers in the switch gear rooms, or power distribution panels on the floor that feed the loads.
2. The employer commits to make an earnest attempt to notify employees when time and circumstances permit, when production is being cancelled under the emergency situation clause of Article 7, Section 3.
3. The Company will commit to notify the President/Shop Chairperson of Local 5285 when the emergency situation arises, prior to notification of bargaining unit employees, whenever possible.

LETTER OF UNDERSTANDING

Movement and stocking of parts is exclusively bargaining unit. However, inventory of consigned parts may be conducted by the owner of parts.

LETTER OF UNDERSTANDING-VACATIONS

Vacation anniversary dates for all employees hired prior to 4-16-1990 will be changed to their seniority date. It is understood and agreed that no more than 85 employees are affected by this change. This adjustment is being made for administrative purposes only; therefore, the company should not incur any additional cost.

LETTER OF UNDERSTANDING-JOB SECURITY

During these negotiations, the Union and the Company devoted much time to discussing the future viability of the Mt. Holly facility relative to the medium duty Freightliner truck and M2 product line and the Corporation's ability to shift production to its plant in Mexico, which also produces the M2 Medium Duty truck.

In consideration of the Union's concerns regarding job security at Mt. Holly, the Company re-confirms its commitment to operating the Mt. Holly facility for the duration of 2003-2006 Labor Agreement. Both parties pledge to employ their best efforts to ensure long-term viability of the Mt. Holly plant and, as economically feasible, the continued employment of its work force.

If overall market conditions allow, current employment levels will be maintained. However, in the event market demands do necessitate a reduction of manpower, Mt. Holly's share of Business Class/ M2 production will not be reduced below 70% of the Company's overall NAFTA Business Class/M2 volumes, i.e., in this event, Mt. Holly will not be disproportionately disadvantaged.

In order to demonstrate a mutual commitment to the successful operations at Mt. Holly, the Company and the Union will meet quarterly to review general economic

circumstances. Information to be regularly and periodically reviewed will include scheduling mix between Mt. Holly and Mexico, operational costs, quality and warranty reports, and similar relevant factors affecting Freightliner LLC's position in the Business Class market.

LETTER OF UNDERSTANDING JOINT BENEFITS COMMITTEE

During these negotiations, the Employer and Union discussed the need for on-going discussions related to the implementation, administration and improvements of benefit programs. To accomplish that, it has been agreed that there will be established a Joint Benefits Committee (JBC)

The employer will be represented on the Company by two (2) Management employees (one from the location and one from the Corporate Benefits Department). The Union will be represented by one Benefit Representative appointed by the Vice President of the appropriate National Department and a representative of the Social Security Department. The Union and Management members may, by mutual agreement, invite consultants to assist them with specific issues.

The Committee shall meet as specified below and their respective functions shall include, but not limited to:

Local Members- to meet no less than monthly

1. Resolve administrative issues including those that were discussed during negotiations.
2. Developing ongoing programs to educate members on the various aspects of the different benefit programs and provide them with the information needed to make informed decisions.

National Members- to meet no less than quarterly

3. Work with various insurance carriers/administrators

to improve payment claims and, if problems cannot be resolved, change carrier/administrators.

4. The selection of Impartial Medical Examiners for Short and Long Term Disability.
5. To review, no less than quarterly, issues relative to containing costs and improving the quality of various plans.
6. Review and approve Summary Plan Descriptions (SPDs).

In assisting a member to resolve a dispute related to benefits, it is understood that the Joint Benefits Committee (JBC) may have access to information about a specific member or a member of his or her family that must be kept strictly confidential. Any discussion about the information must be limited to those with an absolute need to know.

The employer will pay for the expenses related to JBC work, including paying Local Union members for time spent on JBC activities.

No changes to benefit plans shall be made except by mutual consent.

LETTER OF UNDERSTANDING WAGE & BENEFITS ADJUSTMENTS

1. Continue the current Labor Agreement for three additional years with no further wage increases or adjustments.
2. Effective upon ratification, the following provisions will apply to active employees and future retirees:
 - A. Healthcare—all plans: increase co-insurance by 5% for all employees except office visits.
 - B. HMO: Increase co-pays by \$10.00 for Doctor visits and \$20 for Hospital visits.

- C. POS: Increase office visits co-pays by \$15.00.
- D. Prescription Drugs: Increase co-pays by \$7.50 for Generic and \$15.00 for Brand. Applies to both retail and mail order.
- E. STD: Reduce current benefit to 70% of pay.
- F. Sick Leave: Eliminate accrual on all leaves over 60 days (excluding Military and FMLA) in duration.
- G. Retiree Medical Cost Share: Revise age and service matrix so that age plus service in all combinations (except >85) increases by 10%. Factors of 85 or higher will require zero co-pay. In addition, increase VEBA Trust contribution by \$.02 per hour in each year (Total of \$.10 per hour by the third year).
- H. Future cost sharing and benefits issues: establish joint Benefits Review Committee to implement a process for reviewing and controlling future additional medical cost and resolving benefits issues.

LETTER OF UNDERSTANDING DISABILITY

1. Short-Term Disability (STD):

Employees who are off work on worker's compensation will have the option to supplement worker's compensation benefits with annual short-term disability paid days, if available.

2. Long-Term Disability (Social Security Carve Out):
The Social Security Carve-Out will continue as specified in the Summary Plan Description. However, the offset will begin whenever Social Security Benefits are approved or one (1) year after the initial onset of

disability, whichever occurs first. In any case, the over payment recovery provision will apply after six months of continuous disability.

LETTER OF UNDERSTANDING AOL INTERNET ACCESS

The company will use its best efforts to obtain discount internet access for employees through America Online (AOL) by piggy-backing on the current Daimler-Chrysler program or by using Freightliner's purchasing power to buy discount AOL services. If cut-rate access is available, it is understood that individual subscriber's fees and cost will be paid direct by the individual employees.

LETTER OF AGREEMENT

Contingent upon successful ratification by the membership of UAW Local 5285, of the current terms and conditions offered in the Company's proposal including all tentative agreements, a one-time, nonprecedent setting paid holiday of July 3, 2003 will be granted to all employees represented by the UAW at Mt. Holly.

LETTER OF AGREEMENT

Contingent upon successful ratification by the membership of UAW Local 5285, by no later than 6:00pm, EST, Thursday, June 19, 2003, the Company will assume costs of non-work time for hours actually spent in the preparation and negotiation by the members of the Bargaining Committee of Local 5285.

UNION FLAG

Contingent upon receiving a unanimous recommendation from the Local Union Bargaining Committee, Freightliner will make arrangements to fly the UAW Flag in front of the plant.

June 5, 2003

Mt. Holly Truck Manufacturing Plant Freightliner Profit Sharing Plan Proposal

The Company and Union agree to establish a Profit Sharing Plan designed to reward and recognize employees for their contribution and commitment to the profitability of the Freightliner Mt. Holly facility. The framework for this Plan is outlined below.

Profit Sharing Plan Framework

Plan Year

- Calendar Year

Formula (See attached example)

- Per the Funding Schedule, the minimum level of Funding Per Employee will be \$500 when ROS % is greater than 0.0%. Each incremental 0.1% Return on Sales generates an additional amount of Funding Per Employee. For example, if the ROS % is 3.0%, the funding per employee is \$1,375. If an ROS % (rounded to the nearest tenth) falls between two ROS % points on the Funding Schedule, the Funding Per Employee will be calculated as follows:

Example:

ROS = 1.6%

Funding for next highest ROS point - 2.0% = \$1,000

Funding for next lowest ROS point - 1.0% = \$ 750

Incremental funding = \$ 250

Incremental tenths (2.0 - 1.0) = 10

Funding per tenth = \$ 25

| | |
|---|--------|
| Funding for next lowest point - 1.0% = | \$ 750 |
| Additional ROS percent tenths (1.6 - 1.0) | 6 |
| Funding per tenth | \$25 |
| | \$ 150 |
| Funding Per Employee for 1.6% = | \$ 900 |

- The Total Profit Share Pool equals the Average Employment times the Funding Per Employee from the Funding Schedule.
- Average Employment equals an average of the average number of active bargaining unit employees per week for the Plan Year excluding shut down weeks.
- The Total Profit Share Pool is divided by the Total Hours Paid to calculate the Profit Sharing per Hour.
- Total Hours Paid is equal to all hours paid during the Plan Year by Eligible Employees (including time off on Union business). Total Hours Paid excludes all overtime hours.
- The amount of profit sharing actually paid to each Eligible Employee equals the Profit Sharing per Hour times the Eligible Employee's Total Hours Paid.
- Pre-tax Profit Base excludes all expenses associated with payments made under this profit sharing plan or any other profit sharing, bonus, incentive, etc. plan.
- Pre-tax Profit Base excludes all extraordinary items (according to GAAP) and income taxes.
- Net Revenues, Variable Costs, and Fixed Costs are defined consistent with past practice, as on Historical Overview document, however M2 revenues and expenses will be included.

Eligible Employee

- Bargaining Unit employee.
- Must have completed 45-day initial probation period.
- Terminated employees or those discharged and rehired are eligible for a payout based on Total Hours Paid including hours for which back pay is awarded.

- If employee dies prior to profit sharing payout, payout goes to designated beneficiary.
- Discharged employees are not eligible.

Administration

- Company and Union will use KPMC (an independent auditing firm) as the certified public accountant to audit the annual profit sharing calculation prepared by management. Among its obligations the accountant will be responsible for the following:
 - Audit all elements of the profit sharing plan including the determination of the Company's Net Revenues, Variable Costs, and Fixed Costs.
 - Issue an unqualified audit opinion and report on the accuracy and fairness of the profit sharing payout ensuring among other things that the Company has consistently applied GAAP and all items of revenue and expense are accounted for on a consistent basis from year to year and with regard to the Historical Overview chart (except for the fact that M2 trucks will be included).
 - Verify that all product or component transfers from Freightliner facilities are transacted at the selling plant's standard cost.
 - Verify that transfer prices on all products or components transferred from other DaimlerChrysler facilities do not exceed the price(s) of comparable products or components transacted at arm's length in the marketplace. For example, the transfer price of an engine purchased from Mercedes will not exceed the price of a comparable engine from Cummins or Caterpillar. In making this comparison, the auditor will evaluate all relevant economic circumstances including, but not limited to, warranties, selling terms, etc. The auditor will issue a report each year demonstrating that this provision has been satisfied.
 - Verify that all costs and related overhead have been excluded for all products and operations other than the production of shipped trucks. Examples of this exclusion

include the manufacture of sales cabs, fuel tanks, etc. which are not included in the profit sharing plan (alternative methods that accomplish the same objective may also be employed, if mutually agreed upon).

- Management and the Union will have the opportunity to meet with and discuss the accountant's findings prior to issuance of the final report.
- The Parties agree to meet and discuss the details of the audit within the 90-calendar day period following ratification.
- The Company will respond as soon as practical to reasonable requests from the Union for information supporting the profit sharing calculation.
- All costs of administration are born by the Company.
- All disputes will be referred to arbitration.
- Payouts will be made on or before March 31 of the year following the Plan Year.
- The plan will provide for elective 401k deferral of profit sharing payouts. The Company match will not apply to 401k deferrals made from profit sharing payouts.
- Company agrees to meet with the Union quarterly to discuss the plant's quarterly financial performance, the year-to-date tentative results of the profit sharing plan and exchange ideas on how the plant's performance can be improved.

Example:

| | | |
|---|----|-------------|
| Net Revenues (millions) | \$ | 900 |
| Variable Costs (millions) | \$ | (742) |
| Fixed Costs (millions) | \$ | (130) |
| Cost of Capital (millions) | \$ | (10) |
| Pre-Tax Profits (millions) | \$ | 18 |
| Return on Sales | | 2.0% |
| | | |
| Funding Per Employee | \$ | 1,000 |
| Average Employment | | 1,000 |
| Total Profit Share Pool | | \$1,000,000 |
| Total Hours Paid | | 2,050,000 |
| Profit Sharing per Hour | \$ | .049 |
| | | |
| Eligible Employees | | 1,025 |
| Total Hours Paid | | 2,050,000 |
| Average Hours per Eligible Employee | | 2,000 |
| | | |
| Profit Sharing Payout per Average Eligible Employee (2000 x .49¢) | \$ | 900 |

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