

AGREEMENT

By and Between

A. O. SMITH WATER PRODUCTS COMPANY

Renton, Washington Plant

and

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS,

IRON SHIPBUILDERS, BLACKSMITHS, FORGERS,

WELDERS, AND HELPERS OF AMERICA

AFL CIO, LOCAL NO. 104

Duration February 5, 2007

through

February 7, 2010

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**WAGE SCALES AND WORKING RULES
COVERING
SHOP MANUFACTURING**

ARTICLE 1

PREAMBLE

This AGREEMENT is made by and between A. O. SMITH WATER PRODUCTS COMPANY, Renton, Washington Plant, and INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIPBUILDERS, BLACKSMITHS, FORGERS, WELDERS AND HELPERS OF AMERICA, AFL - CIO, LOCAL NO. 104.

ARTICLE 2

RECOGNITION

- 2.1 A. O. SMITH WATER PRODUCTS COMPANY, RENTON, WASHINGTON PLANT hereby recognizes (as far as may be legally admissible) now and during the whole term of this contract and all renewals thereof, the INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIPBUILDERS, BLACKSMITHS, FORGERS, WELDERS AND HELPERS OF AMERICA, LOCAL NO. 104 as the sole and exclusive bargaining agency for all employees of the said affiliates whose work is described, classified and set forth in this contract.
- 2.2 It is agreed that all employees coming under the terms of this Agreement shall continue to perform all work heretofore performed by them without regard to past, present or future disputes based on jurisdictional claims.

ARTICLE 3
UNION SECURITY

- 3.1 Pursuant to and in conformance with Section 8 (a) 3 of the Labor Management Relations Act of 1947, it is agreed that all employees coming under the terms of this Agreement shall make application to join the Union within thirty-one (31) days following the date of employment or within thirty-one (31) days following the date of signing of this Agreement, whichever is the later, and must maintain membership in good standing for the life of this Agreement and any renewal thereof. The Employer shall discharge any employee as to whom the Union through its business agent delivers to the Employer a written notice that such employee is not in good standing in conformity with this Article.
- 3.2 The Employer agrees to employ only employees in the classifications set forth in Schedule A in the performance of the work included within the scope of this Agreement.
- 3.3 New hires, on or before the first day of employment, will be advised of the provisions of 3.1 of this Article, and shop stewards will be advised of the names of new employees on a form provided by the Union.

ARTICLE 4
MANAGEMENT FUNCTIONS

- 4.1 Subject only to the specific provisions of this Agreement, the management of the plant and the direction of the working force shall be the exclusive function of the Employer; provided, however, this shall not be construed as limiting the Union's rights under Article 22, GRIEVANCE PROCEDURE.

ARTICLE 5

NON-DISCRIMINATION

- 5.1 The Employer shall have the right to determine the competency and qualifications of its employees and the right to discharge any employee for just and sufficient cause; provided, however, no employee shall be discriminated against or jeopardized in seniority standing or suffer any loss of employment on account of membership or activity in his or her Union, so long as such activities are not carried on during working hours so as to interfere with production at the plant.
- 5.2 The employer and Union agree there will be no discrimination against any employee or job applicant because of race, religion, color, sex, age, national origin, or any other basis as provided under Executive Order or Federal Laws.

ARTICLE 6

HOURS OF WORK AND SHIFTS

- 6.1 Eight (8) hours shall constitute one (1) day's work. Five (5) days, Monday to Friday inclusive, shall constitute one week's work. The regular daily work periods for the respective shifts shall be as follows:

First Shift or Regular Daylight Shift: An eight and one-half (8 ½) hour period between the time of not earlier than 5:00 A.M. nor later than 6:00 P.M., less thirty (30) minutes for meals on the employee's time. Pay for a full shift shall be a sum equivalent to eight (8) times the regular hourly rate with no premium.

Second Shift: An eight and one-half (8 ½) hour period, less thirty (30) minutes for meals on the employee's time. Pay for a full second shift period shall be a sum equivalent to eight (8) times the straight time hourly second shift rate as set forth in Schedule A hereof.

Third Shift: A seven (7) hour period less thirty (30) minutes for meals on employee's time. Pay for a full third shift period shall be a sum equivalent to eight (8) times the straight time hourly third shift rate as set forth in Schedule A hereof.

- 6.2 In event an individual employee's starting time is changed, it shall not be changed again within five (5) consecutive work days, except in case of emergencies.
- 6.3 In event of power curtailments and/or power rate "peak period" penalties, the normal work day and work week provisions of this Agreement shall become inoperative.
- 6.4 In exception to the above, it is recognized that special conditions require special or unusual shifts. In such cases, the details thereof shall be worked out and agreed to between the Company and the Union.
- 6.5 Two (2) rest periods of ten (10) minutes each will be provided each regular work day; one (1) ten (10) minute period in the first-half of the shift and one (1) ten (10) minute period in the second-half of the shift. The rest period (s) will be taken at times specified by the Company.

ARTICLE 7

OVERTIME

- 7.1 All hours worked over ten (10) hours in a day or forty (40) hours in a week shall be paid at one and one-half (1½) times the employee's regular straight time hourly rate. All hours worked over twelve (12) hours in a day and all hours worked on Sunday shall be paid at two (2) times the employee's straight time hourly rate.
- 7.2 **Shift Break:** Employees required to work overtime past the quitting time of their regular shift, unless relieved from work at least eight (8) hours before starting to work on their next regular shift, shall be paid the overtime rate for such shift.

7.3 When an employee is continuously employed for more than two (2) hours beyond the quitting time of his or her shift, he or she will be allowed reasonable time to obtain a meal.

7.4 Overtime pay shall not be paid twice or pyramided for the same overtime hours worked.

ARTICLE 8

REPORT PAY

8.1 Any regular employee who is required to report for work but does not commence work shall receive not less than two (2) hours pay at the applicable straight time hourly shift rate. Any regular employee who is required to report for work and commences work shall receive not less than four (4) hours pay at the applicable straight time hourly shift rate.

8.2 Any regular employee who is not specifically instructed at least three (3) hours before his regular starting time not to report for work shall be considered as having been ordered to report and, therefore, entitled to two (2) hours pay.

8.3 Report pay shall not be required where an employee is returning to work from absences of two (2) or more days without making prior arrangements with the Company for his or her return to work.

8.4 In the event of an emergency such as fire, flood, power failure, power curtailment, machine breakdown, etc., beyond the control of the Employer (alleged lack of work cannot be construed as an emergency) or where the employee voluntarily quits, lays off or is discharged, the forgoing requirements shall not be applicable and the employee shall be paid for the actual time worked.

8.5 Welders will be allowed five (5) minutes time to remove and store protective equipment before the close of shift.

ARTICE 9

EMERGENCY CALL-BACK PAY

9.1 Any regular employee who has completed his or her normal shift for the day and is called back to work shall receive not less than two (2) hours pay at the overtime rate.

ARTICLE 10

CLASSIFICATIONS AND MINIMUM RATES OF PAY

10.1 The classifications and minimum rates of pay for employees covered by this Agreement are set forth in Schedule A which is attached hereto and made a part hereof. Lump sum bonuses for certain employees covered by this Agreement are set forth in Schedule C which is attached hereto and made a part hereof. Nothing herein shall preclude the payment of higher wage rates than those set forth in Schedule A at the discretion of the Company.

10.2 When an employee is transferred to another classification paying a higher rate, he or she shall receive the higher rate for the duration of such employment in such classification.

10.3 The supervisor shall not be assigned to displace workers during overtime periods.

10.4 Working leadpersons shall be paid at least forty-five (\$.45) cents per hour over the journeyman rate.

ARTICLE 11
PAY DAY

11.1 Employees shall be given their pay checks weekly, prior to the end of their regular work shift on pay day. All regular pay checks shall have a detachable stub or equivalent which will set forth the amount of the check, hours worked, and an itemized list of deductions.

ARTICLE 12
HOLIDAYS

12.1 Each employee shall receive eight (8) times his or her regular straight time hourly shift rate of pay for the following holidays, provided:

- A. The employee worked his or her last regularly scheduled work day prior to and his or her first scheduled work day following the holiday. Exception will be made in cases where absence on the work day prior to or the work day following was due to industrial injury, bona fide illness covered by a doctor's certificate, approved leave of absence, or temporary layoff, provided the employee's absence from work for the purpose of this exception by reason of any of the above causes is not for a total period in excess of two (2) weeks. For purposes of this Section, a temporary layoff shall be considered as one of two (2) weeks or less in duration.
- B. The employee has been in the employ of the Employer for ninety (90) calendar days.
- C. In the event an employee does not work his or her full scheduled workday prior to and/or following the holiday, holiday pay shall be reduced in the amount equivalent to the time he or she failed to work as scheduled on the day before and/or after the holiday.

12.2 The following shall be recognized as paid holidays:

NEW YEAR'S DAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, THANKSGIVING DAY, THE DAY AFTER THANKSGIVING DAY, CHRISTMAS DAY, one (1) FLOATING HOLIDAY to be mutually agreed to by the Company and the Union, and one (1) FLOATING HOLIDAY to be taken at the employee's preference with prior management approval. In cases where the above listed holiday falls on a Saturday or Sunday, the Employer shall have the option of specifying by the Monday preceding the holiday whether the Friday or Monday shall be a regular work day or regarded as the paid holiday.

12.3 Memorial Day will be observed on the last Monday in May.

12.4 All time worked on the aforesaid holidays shall be compensated for at time and one-half the straight time shift rate, plus holiday pay for eligible employees pursuant to Section 12.1 above shall be paid for such time.

12.5 Should any of the above holidays fall within the vacation period of an employee, he or she shall be paid as set forth above for such holiday, provided he or she works his or her last scheduled work day prior to and his or her first scheduled work day following his or her vacation period.

ARTICLE 13

VACATION

Vacations with pay will be granted on the following basis:

13.1 A vacation year shall run from June 1 of any year to June 1 of the next succeeding year. Employees shall earn vacation credit during each vacation year based upon the number of hours worked as follows:

280 hours	1 day
560 hours	2 days
840 hours	3 days
1120 hours	4 days
1400 hours	5 days

- 13.2 Each employee on June 1 of any year shall be entitled to vacation with pay at employee's straight time hourly shift rate for the number of days of vacation credit which he or she has earned in the preceding vacation year.
- 13.3 Any employee who on June 1 of any year has worked 1400 hours in each of three (3) consecutive vacation years shall be entitled to ten (10) days vacation with pay at employee's straight time hourly shift rate.
- 13.4 Any employee who on June 1 of any year has worked 1400 hours in each of ten (10) consecutive vacation years shall be entitled to fifteen (15) days vacation with pay at the employee's straight time hourly shift rate.
- 13.5 Any employee who on June 1 of any year has worked 1400 hours in each of twenty (20) consecutive vacation years shall be entitled to twenty (20) days of vacation with pay at the employee's straight time hourly shift rate.
- 13.6 Any employee who has retained seniority and who has once qualified for and received ten (10) days or fifteen (15) days or more vacation with pay in any year either under this or any preceding contract, and who shall in any one (1) vacation year subsequent to June 1950 fail to work a minimum of 1400 hours shall, upon working 1400 hours in the next succeeding vacation year, be entitled to ten (10) days vacation with pay or fifteen (15) days or more vacation with pay, whichever is applicable, at the employee's straight time hourly shift rate at the expiration of said vacation.

- 13.7 Employees shall be eligible for only one vacation or pay for one vacation during a vacation year except as this provision may be modified by the provisions of Section 13.9 below. Vacations are not cumulative and shall be taken at such time during the period June 1 to June 1 of any year as may be designated by the Employer, or as otherwise agreed upon between Employer and the employee. All vacation credits must be earned in the employ of one employer.
- 13.8 Employees rehired after voluntarily resigning or being discharged for cause shall be considered new employees and vacation rights therefore shall only accumulate from the latest date of employment.
- 13.9 Any employee who quits, is laid off or discharged shall be paid for his or her accumulated vacation credit; and if such employee has previously qualified for two (2) weeks, three (3) weeks, or four (4) weeks vacation he or she shall be paid for two (2), three (3), or four (4) times, whichever is applicable, the vacation credit set forth in Section 13.1.

ARTICLE 14

JURY SERVICE

- 14.1 An employee having seniority as provided in Article 19, SENIORITY, and required by law to serve as a jurist shall, upon satisfactory proof to the Employer of such service rendered, be reimbursed by the Employer for his or her work time lost on the basis of the difference between his or her straight time day shift hourly job classification rate, and his or her jury pay (excluding travel allowance), provided, however, such Employer reimbursement shall not be applicable to any period of time during which said employee-jurist did not perform work for the Employer other than when prevented from doing so solely because of said jury service; and further provided that such Employer reimbursement is, in no event, to be applicable for a period of more than eight (8) hours in a standard work day, nor more than five (5) days in a standard work week.

14.2 In applying the foregoing, it is understood that if an employee is called for jury service, responds to the call, and loses time, but is not accepted for jury service, or serves and is relieved therefrom by the middle of his or her work shift, the employee will be reimbursed by the Employer for his or her work time lost on the basis of the difference between his or her straight-time day shift hourly job classification rate and his or her jury pay (excluding travel allowance), provided he or she returns to his or her job immediately, and promptly reports these facts to the Employer; provided further, that if an employee who works his or her regular shift in addition to performing jury duty, he or she shall not be paid by the Employer under the provisions of this Article.

ARTICLE 15

FUNERAL LEAVE

15.1 An employee having attained seniority as provided in Article 19, SENIORITY, who suffers a death in the immediate family shall receive three (3) days off with pay ending on the day following the funeral. The immediate family shall be defined as wife, husband, son, daughter, mother, father and natural brother or sister.

ARTICLE 16

DENTAL PLAN

16.1 The Employer shall provide dental care benefits for employees and their dependants as provided in Article 17.

ARTICLE 17**HEALTH AND WELFARE**

- 17.1 Effective upon signing this Agreement, the Employer shall pay into the Allied Metal Crafts Security Plan Trust Fund on behalf of each employee in the bargaining unit an amount (less the employee's share as described in Article 17.2) to provide the benefits under the Allied Metal Crafts Security Plan Trust Fund. The eligibility for such benefits shall be determined by the Trustees within their sole and absolute discretion.
- 17.2 Costs to the benefits referenced in paragraph 17.1 retroactive to the contract start date shall be paid 95% by the Company, and 5% by the employee. The employee's share of the benefit cost shall be affected via payroll deduction.
- 17.3 Employee contributions required under 17.2 shall be made through payroll deduction on the third pay period of the month following the month for which benefits have been provided.
- 17.4 The total amount due for each calendar month shall be remitted to the Administrative Office in a lump sum not later than ten (10) days after the last business day of each month.
- 17.5 The Employer further acknowledges that it has received a true copy of the Allied Metal Crafts Security Plan Trust Fund and it is understood and agreed that the Employer, by signing this collective bargaining agreement, accepts the terms and agreements of this Trust, and shall be considered a party thereto. The Employer further agrees that the Employer Trustees named in the Allied Metal Crafts Security Plan Trust Fund and additional Employer Trustees selected pursuant to the terms of said Trust and their successors in trust are, and shall be, his or her representatives, and consents to be bound by the actions and determinations of the Trustees, not in conflict with the terms of this Agreement.

17.6 Should, during the term of this Agreement, the Union wish to select another provider than Allied Metal Crafts Security Plan Trust Fund, it will notify the Employer. The Employer shall give such request consideration and upon mutual agreement between the Employer and the Union, another provider will be selected, however, in no event shall the Employer's monthly cost exceed the monthly cost as outlined in Articles 17.1 and 17.2.

ARTICLE 18

PENSIONS

18.1 Contributions will be paid to the Boilermakers-Blacksmith National Pension Trust on the following basis for all employees covered by this Agreement.

Effective February 5, 2007	\$1.65 per hour worked
Effective February 4, 2008	\$1.70 per hour worked
Effective February 2, 2009	\$1.75 per hour worked

18.2 By majority vote, Employees may elect to divert up to twenty cents (\$0.20) per contract year from the employees' wage rates and the classification wage rates under Schedule A in order to increase pension contributions. Each year, Shop Stewards will present the Plant Manager with written notice of intent to or forfeiture of the vote. Any authorization of diversion including total to be diverted for the following contract year must be presented to the Employer in writing two weeks prior to the contract anniversary date, and shall become effective on the contract anniversary date.

ARTICLE 19

SENIORITY

19.1 With a view to maintaining the most harmonious relations possible and the utmost teamwork between employees, work shall be distributed as evenly as possible among the

regular employees in their various classifications. Seniority is defined by the time employed as a Boilermaker at A. O. Smith Water Products Company, Renton Operation. In all layoffs and reemployment, the rule of seniority shall prevail where qualifications, ability, competency, and all other factors are equal; provided that an employee shall not be considered as eligible to seniority until he or she has been regularly employed for a period of ninety (90) days.

Seniority rights of laid-off employees will continue for six (6) months from layoff date, and employees will retain seniority rights for six (6) months in layoffs and excused absences, except in cases where an employee who has attained seniority is absent from work due to an industrial injury, then he or she will retain seniority for a period of one (1) year.

The employee shall lose his or her seniority rights for any one of the following reasons: voluntary termination; discharge for cause; failure to report from layoff within three (3) working days after notification to report.

Notification for return from layoff shall be by certified letter. The date of delivery of the certified letter shall begin the three (3) day period in which the employee must return to work. The Union will be notified in all cases where exceptions are made to extending the three-day period.

- 19.2 No employee shall be discriminated against or jeopardized in seniority standing or suffer any loss of employment on account of membership or activity in the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers, Welders and Helpers of America so long as such activities are not carried on during working hours so as to interfere with production at the plant.
- 19.3 Upon request by the Business Representative or a shop steward, once in each three (3) month period lists of employees, and employees on layoff who continue to have seniority

rights under 19.1 above, in the bargaining unit with their dates of employment and contract classifications will be furnished by the Employer.

- 19.4 In any layoff the management shall make every reasonable effort to give advance notice to employees affected.
- 19.5 Employees transferred out of the bargaining unit into a non-bargaining unit job (supervisory, engineering, technical, and/or office jobs which are not covered under a collective bargaining agreement) shall retain the amount of seniority they have acquired at the time of transferring out of the bargaining unit, but will not continue to accrue seniority.

ARTICLE 20

GENERAL

- 20.1 When a regular employee is required to take a test, he or she will be paid for the time required to take the test.
- 20.2 Any welder who is required to take a test before going to work shall be paid for the time required to take the test, provided he or she passes the test successfully and is subsequently employed by the Company; provided further, that if he or she is injured while taking the test to an extent requiring medical attention, he or she shall be paid for all time spent up to the occurrence of the injury.
- 20.3 The Employer shall comply with all safety, health and sanitation measures as required by the Washington Industrial Safety and Health Act and the Federal Occupational Safety and Health Act. The employees shall comply with the safety, health and sanitation standards, rules and regulations which are applicable to his or her own actions and conduct.
- 20.4 Under no consideration shall piece, task, or bonus systems be allowed.

- 20.5 Any employee who is injured on the job to the extent of requiring medical treatment which results in his or her leaving work shall be entitled to pay for the time involved during his or her normal work hours. In event a doctor advises an injured employee he or she should not return to work because of his or her injury, he or she shall, upon presenting to the Company on the day of the injury a doctor's certificate certifying such doctor's advice, be entitled to pay for the full shift.
- 20.6 All employees will be subject to the drugs and alcohol policy as outlined in the A. O. Smith Corporation Substance Abuse Statement of Policy, as long as it does not conflict with the current Labor Agreement. All new applicants will be subject to a prehire physical at the expense of the Company.

ARTICLE 21

ACCESS TO PLANT

- 21.1 Business representatives of the Union, upon application to the offices of the Company or in case of night shift to the supervisor in charge, will be allowed access to the shop for the purpose of investigating grievances arising under this contract, provided they do not interfere with the production in the shop.

ARTICLE 22

GRIEVANCE PROCEDURE

- 22.1 The Union will appoint shop stewards who will be recognized by the Company.
- 22.2 Prompt consideration shall be given to grievances.

22.3 Any complaint arising among the employees in the shop over the interpretation or application of any specific provisions of this Agreement shall be processed as follows:

- A. Any complaint shall, within three (3) working days from the time the complaint arose or should have been reasonably known to exist, first be referred to the grievant's immediate supervisor or other official designated by the Company.
- B. If no satisfactory agreement is reached in Step A., the matter shall, within five (5) working days after it was first brought to the attention of the Company, be referred in writing to a higher official designated by the Company. Such time limits can be extended by mutual consent of the parties.
- C. If the complaint cannot be settled in Step B., it shall, within five (5) working days after the written grievance was presented to the Company in Step B., be referred in writing to the Plant Manager of the Company whose representative shall meet promptly with the Union Business Representative for the purpose of settling the grievance. Such time limits can be extended by mutual consent of the parties.
- D. If the parties cannot reach an agreement, either party may, within ten (10) working days from the date the dispute was referred to Step C., refer the matter in writing to an Arbitration Committee consisting of one (1) representative of the Employer, one (1) representative of the Union, and a third member to be chosen by these two. In the event the arbitrators designated by the parties are unable to agree upon the third arbitrator within five (5) working days, the Federal Mediation and Conciliation Service shall be requested to submit a list of five (5) qualified and approved arbitrators, from which list the third arbitrator shall be selected by the other two members of the Arbitration Committee alternately striking one name from the list until only one name shall remain.

The decision of the majority of the Arbitration Committee shall be rendered in writing within ten (10) working days after the close of the hearing and shall be final and binding upon all parties hereto. Any decision rendered shall be within the scope of the Agreement and shall not change any of its terms or conditions.

The power and authority of the arbitrators shall be strictly limited to determining the meaning and interpretation of the express terms of the Agreement as herein explicitly set forth. They shall not have authority to add to or subtract from or modify any of the said terms of the Agreement, or to limit or impair any right that Article 4 reserves to management or the Union. No decision of the arbitrators in one case shall create a basis for retroactive adjustments in any other case.

All time limits referred to in this Step may be extended by mutual consent. The cost of the third arbitrator will be borne by the party whose position is not upheld by the arbitrator's decision (in the case of a compromise decision, the arbitrator shall decide on the distribution of his fees).

- 22.4 A grievance shall not be processed under this Agreement on behalf of any employee who files or prosecutes, or permits to be filed or prosecuted on his behalf, in any court or government agency a claim, complaint or suit complaining of the action grieved under federal, state or municipal law or regulation.
- 22.5 Employees shall have the right at any time to request the assistance of the Shop Steward in the settlement of any grievance. The Shop Steward shall have the right at any time to call in a Business Representative of the Union to assist in the settlement of grievances.
- 22.6 The Company shall have the option of utilizing the procedures outlined in Steps C. and D. of the foregoing in the event of a complaint against the Union involving questions of interpretation or application of this Agreement.

ARTICLE 23**MAXIMUM PRODUCTIVITY**

23.1 It is the intent of the parties to achieve and sustain maximum productivity per employee during the term of this Agreement. In return to the Company for the wage rates and conditions herein provided, and consistent with the principle of a fair day's work for a fair day's pay, the Union pledges its agreement with the objective of achieving a high level of employee performance and efficiency consistent with safety, good health and sustained effort.

ARTICLE 24**NO STRIKES OR LOCKOUTS**

24.1 During the life of this Agreement no strikes or work stoppages shall be caused or sanctioned by the Union, and no lockouts shall be entered upon by the Company. Any action of the Company in closing its plant during a general strike, riot, or civil commotion for the protection of the plant and property shall not be deemed a lockout. Any action of the employees in refusing to go through a picket line for their own protection in case of an officially declared strike by some union directly working on the job, if said strike is sanctioned and approved by Local 104 of the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers, Welders and Helpers of America, AFL-CIO, shall not constitute a violation of this clause of the Agreement or cause for discharge.

24.2 Refusal of the Employer to arbitrate a grievance as described in Article 21 hereof shall, as to the settlement of such grievance only, suspend the "No Strike or Work Stoppage" provisions contained in the preceding Section.

ARTICLE 25**AGREEMENT QUALIFICATIONS**

- 25.1 It is not the intent of either party hereto to violate any laws or rulings or regulations of any government authority or agency having jurisdiction of the subject matter of this Agreement, and the parties hereto agree that in the event any provision of this Agreement is held to be unlawful or void by any tribunal having the right to so hold, the remainder of the Agreement shall remain in full force and effect, unless the parts so found to be void are wholly inseparable from the remaining portions of this Agreement.
- 25.2 This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall exist between any of the parties hereto. The waiver of any breach or condition of this Agreement by either party shall not constitute a precedent for any further waiver of any such breach or condition.

ARTICLE 26

DURATION

This Agreement will become effective on the date of signing except as otherwise provided herein, and shall continue in effect until February 7, 2010 unless changed by mutual consent. Should either party desire to change, modify or terminate the Agreement on the anniversary date of midnight, February 7, 2010 written notice must be given to the other party sixty (60) days in advance of February 7, 2010. If such notice is not given within such time, the Agreement shall be considered as automatically renewed for an additional period of one year and in like manner from year to year thereafter.

Signed this 21st day of May, 2007 at Renton, Washington

EMPLOYER

A. O. SMITH WATER
PRODUCTS COMPANY,
RENTON WASHINGTON

By: [Signature]
Plant Manager

By: [Signature] ^{4/23/07}
Division Human Resources Manager
A. O. Smith Water Products Co.

UNION

INTERNATIONAL BROTHERHOOD OF
BOILERMAKERS, IRON SHIPBUILDERS,
BLACKSMITHS, FORGERS, WELDERS, &
HELPERS OF AMERICA, AFL-CIO,
LOCAL NO. 104

By: [Signature] ^{4/30/07}
Business Representative

By: _____
Business Representative

By: [Signature]
Shop Steward

By: [Signature]
Shop Representative

SCHEDULE A

Section 1. CLASSIFICATIONS AND MINIMUM RATES OF PAY

- A. Classification wage rates are established on a percentage of the Journeyman rate as follows:

<u>LABOR GRADE</u>	<u>CLASSIFICATION</u>	<u>WAGE RATE</u>
A	Layrout	105%
I	Journeyman	100%
II	Advanced Specialist	85%
III	Specialist A	75%
IV	Specialist B	65%
V	Helper	55%
VI	Utility Worker	40%

- B. Labor Grade I Rate:

<u>LABOR GRADE</u>	<u>Rate per Hour 1st Shift</u>	<u>Effective Date</u>
I	\$20.70	February 05, 2007
I	\$21.20	February 04, 2008
I	\$21.65	February 02, 2009

- C. Shift Premium

<u>Labor Grades</u>	<u>Second Shift</u>	<u>Third Shift</u>
All Labor Grades	\$0.50/hour	\$0.50/hour

Section 2. BREAK-IN RATES

There shall be a break-in rate applicable to all classifications of not less than 90% of the classification rate for the first sixty (60) days, it being understood that no employee promoted to higher classification wage rates will be reduced as a result of being promoted. Classifications of Journeyman level and above break-in rates shall apply only to in-plant promotions. In cases

where an employee whose classification is above the Intermediate Mechanic or Specialist level is promoted to Journeyman, the break-in rate shall apply not more than thirty (30) days. Break-in rates shall not apply to new employees who have one (1) year or more proven experience in the industry on the specific job in which they are hired. Break-in rates shall not alter individual company's past practice regarding upgrading of employees for short periods of time to cover absences caused from vacations, illnesses, etc.

SCHEDULE B

JOB CLASSIFICATIONS GUIDE

The following shall be used as a basis for assigning specific jobs to Labor Grades as set forth in Schedule A.

Labor Grade I (100% pay levels)

Possesses thorough understanding of and capable of performing all aspects of the trade or craft to required specifications and tolerances.

1. Capable of performing any job within the trade or craft from start to finish without instruction, except for very unusual circumstances.
2. Proficient in advanced shop mathematics.
3. Possesses expert knowledge regarding material characteristics, and all machines, processes, and tools of the trade.
4. Capable of setting up and organizing any job in the trade from start to finish.
5. Works under minimal supervision.
6. Capable of instructing and assisting lower classified employees in all aspects of the trade or craft.
7. Capable of interpreting and working from all drawings, prints, and cutting lists to complete any job from start to finish.

Labor Grade II (85% pay levels)

Possesses thorough understanding of and capable of performing all aspects of the trade or craft to required specifications and tolerances within one or more areas of specialty.

1. Capable of performing any job within the trade or craft and within one or more areas of specialty from start to finish without instruction, except for very unusual circumstances.
2. Proficient in advanced shop mathematics within one or more areas of specialty.
3. Possesses expert knowledge regarding material characteristics, and all machines, processes, and tools of the trade *within one or more areas of specialty*.
4. Capable of setting up and organizing any job in the trade from start to finish within one or more areas of specialty.
5. Works under minimal supervision within one or more areas of specialty.
6. Capable of instructing and assisting lower classified employees in all aspects of the trade or craft within one or more areas of specialty.

Labor Grade III (75% pay levels)

Possesses general understanding of and capable of performing moderately complex aspects of the trade or craft to required specifications and tolerances.

1. Capable of setting up and operating/performing moderately complex machines/processes/functions without instruction, except for unusual circumstances.
2. Proficient in general shop mathematics.
3. Interprets and utilizes moderately complex drawings, prints, and cutting lists to complete the job function.
4. Works under general supervision; may require additional supervision when performing work of a higher classification for purposes of training and experience.
5. Possesses general knowledge of material characteristics, the processes, machines and tools of the trade.

Labor Grade IV (65% pay levels)

Directly assists Journeyman or other higher classified employees in their performance of work tasks, or performs other related work which supports or assists higher classified employees in the performance of their work.

1. Capable of setting up and operating/performing basic machines/processes, functions of the trade or craft without supervision.
2. Proficient in basic shop math, including fractions and decimals.
3. Interprets and utilizes basic drawings, prints, and cutting lists to complete the job function.
4. Works under general supervision within one or more areas of specialty.
5. Possesses basic knowledge of material characteristics, the processes, machines and tools of the trade.

Labor Grade V (55% pay levels)

Directly assists Journeyman or other higher classified employees in their performance of work tasks, or performs other related work which supports or assists higher classified employees in the performance of their work.

1. Requires the ability to read, write, add and subtract. Utilizes hand tools and measuring devices.
2. Utilizes material moving equipment as required, such as forklifts, hand trucks, cranes, and hoists.

Labor Grade VI (40% pay levels)

Performs work primarily of a low or minimal skill function in order to prepare material or work areas for job tasks.

1. Receives all job assignments and instructions from supervisor or higher classified employees. May work alone, but under detailed instruction and direction. Uses little initiative.
2. Uses hand tools and measuring devices.

Labor Grade A (105% pay levels)

Possesses all skill levels set forth under labor grade I and, in addition, is assigned to a specialized aspect of the trade or craft.

MEMORANDUM OF UNDERSTANDING

By and Between

**A.O. SMITH CORPORATION, WATER PRODUCTS COMPANY,
COMMERCIAL DIVISION
Seattle, Washington**

And

**INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIPBUILDERS,
BLACKSMITHS, FORGERS, WELDERS AND HELPERS OF AMERICA
AFL-CIO, LOCAL NO. 104**

This is to confirm that nothing within any provision of the Agreement between the parties signed March 25, 1986 shall be construed as in any manner limiting a company party to the Agreement from moving all or part of the products they normally manufacture to another plant or company not covered by the Agreement.

Signed this 25th day of March, 1986 at Seattle, Washington

A. O. SMITH WATER
PRODUCTS COMPANY
COMMERCIAL DIVISION
Seattle, Washington

INTERNATIONAL BROTHERHOOD OF
BOILERMAKERS, IRON SHIPBUILDERS,
BLACKSMITHS, FORGERS, WELDERS, &
HELPERS OF AMERICA, AFL-CIO,
LOCAL NO. 104

By /S/ Ronald E. Massa

By /S/ Joseph H. Pilato

By /S/ James W. Lekovich

This will confirm that this Memorandum shall continue during the term of this Agreement signed _____, 2007.

A. O. SMITH WATER
PRODUCTS COMPANY

BOILERMAKERS LOCAL UNION #104

By: *[Signature]* 7/23/07

By: *[Signature]* 6/15/07

MEMORANDUM OF UNDERSTANDING

By and Between

**A.O. SMITH CORPORATION, WATER PRODUCTS COMPANY,
COMMERCIAL DIVISION
Seattle, Washington**

And

**INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIPBUILDERS,
BLACKSMITHS, FORGERS, WELDERS AND HELPERS OF AMERICA
AFL-CIO, LOCAL NO. 104**

This is to confirm understanding that during the term of the Agreement between the this office and your Union signed March 25, 1986, it was agreed that vacation pay will not be combined with pay for time worked on a single paycheck thereby resulting in increased withholding tax being deducted; that is, where separate vacation paychecks are not provided, the withholding tax will be adjusted to account for this vacation payment.

Further it is understood and agreed that industrial insurance deductions will not be made on vacation hours.

Signed this 25th day of March, 1986 at Seattle, Washington

A. O. SMITH WATER
PRODUCTS COMPANY
COMMERCIAL DIVISION
Seattle, Washington

INTERNATIONAL BROTHERHOOD OF
BOILERMAKERS, IRON SHIPBUILDERS,
BLACKSMITHS, FORGERS, WELDERS, &
HELPERS OF AMERICA, AFL-CIO,
LOCAL NO. 104

By /S/ Ronald E. Massa
Plant Manager

By /S/ Joseph H. Pilato

This will confirm that this Memorandum shall continue during the term of this Agreement signed _____, 2007.

A. O. SMITH WATER
PRODUCTS COMPANY

BOILERMAKERS LOCAL UNION #104

By: *R. Massa* 7/23/07

By: *J. Pilato* 6/15/07