

SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN
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SUPPLEMENTAL AGREEMENT RELATING TO
SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN

THIS AGREEMENT, entered into as of April 28, 2005, by and between CATERPILLAR INC. (hereinafter referred to as the "Company" or as an "Employer"), and INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO, and LOCAL LODGE NO. 851 (hereinafter collectively referred to as the "Union"),

WITNESSETH THAT:

Section 1. Applicability to Supplemental Unemployment Benefit Plan

- (a) Subject to the provisions of Section 4 of this Agreement, the Company shall continue to maintain the Supplemental Unemployment Benefit Plan which was attached to the Supplemental Agreement Relating to Supplemental Unemployment Benefit Plan between the Company and the Union, dated May 1, 1999. The changes made to such Supplemental Unemployment Benefit Plan by this Agreement shall apply only to Weeks or Workweeks commencing on or after the first Monday immediately following the ratification by the Union of this Agreement (the "Effective Date").
- (b) The term "Plan" as used in this Agreement refers to the Plan as set forth in Exhibit A, and terms defined in the Plan shall have the same meaning when used in this Agreement. The Plan shall be maintained for the duration of this Agreement subject to the provisions of the Plan and this Agreement.

Section 2. Complete Agreement Not Subject to Strike

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

Section 3. Term of Agreement; Notice to Modify or Terminate

This Agreement and the Plan shall be effective May 2, 2005 and shall continue in effect through April 30, 2012. They shall be renewed automatically for successive one-year periods thereafter unless any party shall give written notice to the other at least sixty (60) days prior to April 30, 2012 (or any subsequent anniversary date) of its desire to amend or modify this Agreement and the Plan as of one of the dates specified in this Section (it being understood, however, that the foregoing provisions for automatic one-year renewal periods shall not be construed as an endorsement by either party of the proposition that one year is a suitable term for such an Agreement). If such notice is given, this

Agreement and the Plan will be open to modification or amendment as between the party giving notice and the party to whom notice is given prior to April 30, 2012, or the subsequent anniversary date, as the case may be.

If any party shall desire to terminate this Agreement, it may do so prior to April 30, 2012, or any subsequent anniversary date by giving written notice to the other party at least sixty (60) days prior to the date involved. If such notice is given, this Agreement and the Plan shall terminate as between the party giving notice and the party to whom notice is given. Termination of this Agreement shall not have the effect of automatically terminating the Plan.

Any notice under this Section shall be in writing and shall be sufficient, if to the Union, if sent by mail addressed to International Association of Machinists and Aerospace Workers, AFL-CIO, Local Lodge No. 851, 23157 South Thomas Dillon Drive, Channahon, Illinois 60410 or to such other address as the Union shall furnish to the Company in writing; and if to the Company, to Caterpillar Inc., Attention: Corporate Labor Relations, 100 N.E. Adams Street, Peoria, Illinois 61629, or to such other address as the Company shall furnish to the Union in writing.

Section 4. Conformance of Plan with Federal and State Legislation

Notwithstanding any other provision of this Agreement or of the Plan, the Company, with the consent of Tom Ducey, General Vice President, may, during the term of this Agreement, make revisions in the Plan not inconsistent with the purposes, structure and basic provisions thereof which shall be necessary to bring the Plan into conformance with any applicable federal or state legislation adopted or enacted following the date of this Supplemental Agreement. Any such revisions shall adhere as closely as possible to the language and intent of the provisions outlined in Exhibit A.

Section 5. Benefits in the Event of Plant Closing

(a) Description of Arrangement

Notwithstanding anything contained in the Plan to the contrary, the provisions of the Plan shall be subject to this Section 5 and a Special Regular Benefit shall be payable for Weeks commencing on or after the date an Employee is permanently laid off (his "Permanent Layoff Date") in lieu of the Regular Benefit otherwise payable under the Plan in the absence of this Section 5, to any Employee who is laid off from a facility or part of a facility which will be or is closed as a result of a Plant Closing at that facility and

- (i) who is notified by the Company that his layoff is permanent,
- (ii) whose layoff commences on or after the later of (1) Effective Date, or (2) the date it is announced that such Plant Closing will occur, (such later date referred to herein as the "Eligibility Date"),
- (iii) who is actively at work on or after such Eligibility Date,

- (iv) who meets the eligibility requirements of Section 1 of Article I of the Plan, and
- (v) who is laid off and on qualifying layoff as described in Section 3 of Article I of the Plan for any Week provided the amount of such Special Regular Benefit is at least equal to the amount of such Regular Benefit. If the amount of such Regular Benefit exceeds the amount of such Special Regular Benefit and a Regular Benefit is payable to any such Employee for any Week, such Regular Benefit shall be payable from the Fund and in accordance with the terms of the Plan and the CUCB level in effect except that Credit Units and Special Credit Units shall be cancelled as provided in subsection (b) below. As used in this Section, the term "Plant Closing" means a "Complete Plant Closing" as set forth in the Collective Bargaining Agreement.

(b) Amount and Payment of Benefit

- (i) The amount of such Special Regular Benefit shall be equal to the lesser of:
 - (1) An amount which, when added to the Employee's State Benefit and Other Compensation for such Week, will equal 95% of his Weekly After Tax Straight-Time Pay minus \$24.50 to take into account work-related expenses not incurred; and
 - (2) For any Plant Closing announced on or after the Effective Date of the Plan, \$200 (\$150 for any Week which occurs prior to the expiration of the limit under the State System of the period of time for which State System Benefits are payable to the Employee).

Any Special Regular Benefit shall be payable under this Section 5 for a maximum of seventy-eight (78) weeks (including any Weeks when a Regular Benefit is payable under the Plan because it is greater than the Special Regular Benefit payable under this Section 5) regardless of the CUCB level and whether the Employee had to his credit a Credit Unit; except that such Special Regular Benefit shall not be payable for any Weeks which commence more than thirty-six (36) months after the last day the Employee worked at his facility.

- (ii) Upon layoff and eligibility for Special Regular Benefits pursuant to this Section 5, any Credit Units credited to an Employee under the Plan shall be cancelled and the Employee shall be credited with seventy-eight (78) Special Credit Units. One Special Credit Unit shall be cancelled for each Special Regular Benefit or Regular Benefit, if greater, which is paid thereafter.
- (iii) If an Employee is reemployed after he has been permanently laid off at a facility or part of a facility which was closed pursuant to a Plant Closing, the payment of any Special Regular Benefit or Regular Benefit to him

shall be suspended during any Week he is so reemployed. Upon any subsequent layoff from such facility, (1) the payment of Special Regular Benefits or Regular Benefits, if greater, to such Employee shall be resumed for any Week thereafter provided he meets the eligibility requirements and conditions for receipt of Special Regular Benefits for such Week described in paragraphs (a)(iv) and (a)(v) above; and (2) his then remaining Special Credit Units shall thereafter be cancelled for any such payment in the manner provided in paragraph (ii) above.

(iv) Whenever any such Special Regular Benefit becomes payable, the Company will transmit the amount thereof to the Trustee. Payment of such amounts by the Company to the Trustee will be in addition to any other contributions required under the Plan to be made by the Company. The Fund's liability to make such Special Regular Benefit payments will be limited to funds transmitted or to be transmitted to the Trustee by the Company for the purpose of making such payments; and the amounts so transmitted will not be taken into account in determining the funded status of the Fund for the purposes of other benefits and Separation Payments payable under the Plan nor shall they reduce the Company's contributions pursuant to subsection 5(f) of Article VII of the Plan. Any payment of Special Regular Benefits shall not be considered an additional contribution to the Guaranteed Benefit Account or Advance Credit Account under Section 5 of Article VII of the Plan.

(c) Effect of Employment at Another Company Location

In the event an Employee becomes employed at another Company location, an Employee's entitlement to Special Regular Benefits and the provisions of this Section 5 shall terminate.

(d) Special Credit Units

An Employee shall be credited with no more than seventy-eight (78) Special Credit Units due to any Plant Closing; and such Special Credit Units may not be restored. Special Credit Units shall be cancelled before Credit Units are cancelled. Solely for purposes of determining the number of Credit Units to be restored under Section 5 of Article III of the Plan, Special Credit Units shall be counted as Credit Units which have been cancelled. The maximum number of Special Credit Units and Credit Units that any Employee may have to his credit under the Plan and any other supplemental unemployment benefit plan or plans to which the Company has contributed shall be (i) in the case of Special Credit Units, seventy-eight (78), and (ii) in the case of Credit Units, fifty-two (52) less his number of Special Credit Units.

(e) Employees Laid Off Prior to Eligibility Date

PROPOSAL 3

Notwithstanding anything contained in the Plan to the contrary, Special Regular Benefits or Regular Benefits, if greater, shall be payable pursuant to the terms and conditions of this Section 5 to any eligible Employee who is notified by the Company that his layoff is permanent and whose layoff commenced prior to the Eligibility Date for any Week of Layoff which commences on or after the Eligibility Date; except that (i) rather than being credited with seventy-eight (78) Special Credit Units as provided in paragraph (b)(ii) above, such Employee shall be credited with the number of Special Credit Units equal to the number of remaining Credit Units as of the Eligibility Date which were credited to the Employee after all Regular Benefits have been paid under this Plan or any Predecessor Plan for any Week of Layoff prior to the Eligibility Date, and (ii) the maximum number of Weeks for which Special Regular Benefits or Regular Benefits are payable under this Section 5 shall be based upon the number of Special Credit Units so credited.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be executed as of the day and year first above written.

EXHIBIT A
SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN

ARTICLE I
ELIGIBILITY FOR BENEFITS

Section 1. Eligibility for a Regular Benefit

An Employee shall be eligible for a Regular Benefit for any Week if with respect to such Week he:

- (a) was on a qualifying layoff, as described in Section 3 of this Article (Conditions With Respect to Layoff), for all or part of the Week;
- (b) received a State System Benefit not currently under protest by an Employer or was ineligible to receive a State System Benefit only for one or more of the following reasons:
 - (i) he did not have prior to his layoff a sufficient period of employment, or sufficient earnings, covered by the State System; or
 - (ii) a limit under the State System of the period of time for which State System Benefits are payable to the Employee; or
 - (iii) the period he worked or because his pay (from an Employer or otherwise) for the Week equaled or exceeded the amount which disqualifies him for a State System Benefit or “waiting week” credit; or
 - (iv) such Week was a “waiting week” under the State System; or
 - (v) he was unable to do work offered by an Employer while able to perform other work to which he would have been entitled if he had had sufficient Seniority; or
 - (vi) he failed to claim a State System Benefit for the Week because by reason of his pay received or receivable from an Employer for the Week, such State System Benefit would have amounted to less than Two Dollars (\$2.00); or
 - (vii) he was receiving pay for military service with respect to a period following his release from active duty therein, or was on short term active duty of 30 days or less, for required military training, in a National Guard, Reserve or similar unit or was on short term active duty of 30 days or less because he was called to active service in the National Guard by state or federal authorities in case of public emergency; or
 - (viii) he was eligible for or receiving statutory benefits for retirement or disability which he could have received while working full time; or

- (ix) he was denied a State System Benefit and it is determined that, under the circumstances, it would be contrary to the intent of the Plan to deny him a Benefit;
- (c) has registered at and has reported to an employment office maintained by the State System as required under the State System; provided, however, that this paragraph shall not apply to an Employee who is ineligible for or disqualified from a State System Benefit or “waiting week” credit for the reasons stated in Section 1(b)(iii) (period of work or pay disqualifies him for State System Benefit) and (vi) (failed to claim State System Benefit of less than two dollars) of this Article;
- (d) had to his credit a Credit Unit;
- (e) did not receive any unemployment benefit under any contract, plan or arrangement of any other employer or under any other supplemental unemployment benefit plan to which the Company has contributed as an employer; and he was not eligible for such a benefit under any contract, plan or arrangement of any employer with whom he has greater seniority than with the Company, or under any such supplemental unemployment benefit plan in which he has Credit Units which were credited earlier than the oldest Credit Units credited under this Plan;
- (f) was not eligible for an Automatic Short Week Benefit;
- (g) qualifies for a Regular Benefit of at least Two Dollars (\$2.00);
- (h) has appeared personally and reported if required at the location designated for that purpose, pursuant to the provisions of Article V (Application, Determination of Eligibility, and Appeal Procedures for Benefits and Separation Payments) and has made application for a Weekly Supplemental Benefit in accordance with procedures established by the Company hereunder;
- (i) was not eligible for and did not receive a workers’ compensation lost time benefit for occupational injury or disease.

Section 2. Eligibility for an Automatic Short Week Benefit

- (a) An Employee shall be eligible for an Automatic Short Week Benefit with respect to a Workweek if
 - (i) during such Workweek he performed some work for the Company but had less than forty (40) Compensated and/or Available Hours (or such number of Compensated and/or Available Hours in excess of forty (40) which is equal to the hours the employee is normally scheduled to work during such Workweek for those employees on an irregular or alternative work schedule);

- (ii) he has at least one (1) year of Seniority as of the last day of such Workweek; and
 - (iii) during some part of such Workweek he was on qualifying layoff as described in Section 3 of this Article (Conditions With Respect to Layoff).
- (b) No application for an Automatic Short Week Benefit will be required of an Employee. If an Employee believes himself entitled to (i) an Automatic Short Week Benefit for a Week which he does not receive on the date when such Benefits for such Week are paid, or (ii) an Automatic Short Week Benefit in an amount greater than he received, he may make written application therefor within sixty (60) calendar days after such date in accordance with procedures established by the Company.
- (c) An Automatic Short Week Benefit payable for a Week shall be in lieu of any other Benefit payable under this Plan with respect to such Week.

Section 3. Conditions With Respect to Layoff

- (a) A layoff for the purposes of this Plan includes any layoff resulting from a reduction in force, a temporary layoff, a period of absence due to Weeks of vacation shutdown as provided in Section 8.2 of the Collective Bargaining Agreement, or the discontinuance of an operation, or a layoff occurring or continuing because the Employee was unable to do the work offered by the Company although able to perform other work in the Plant to which he would have been entitled if he had sufficient Seniority.
- (b) An Employee's layoff for all or part of any Week will be deemed qualifying for Plan purposes only if
- (i) such layoff was from a Bargaining Unit;
 - (ii) such layoff was not for disciplinary reasons, and was not, directly or indirectly, a consequence of
 - (1) any strike, slowdown, work stoppage, picketing (whether or not by Employees covered by this Plan), or concerted action, at the Plant, or any dispute of any kind by members of the International Association of Machinists and Aerospace Workers (IAM), whether or not they are Employees of the Company, or
 - (2) any fault attributable to the Employee, or
 - (3) any war or hostile act of a foreign power (but not government regulation or controls connected therewith), or
 - (4) sabotage or insurrection, or

- (5) any act of God; provided, however, this item (5) shall not apply to any Short Workweek or to the first two consecutive full Weeks of Layoff for which a Regular Benefit is payable in any period of layoff resulting from such cause;
 - (iii) with respect to such Week the Employee has not refused a recall by an Employer;
 - (iv) with respect to such Week the Employee was not eligible for, and was not claiming any statutory or Company accident or sickness or other disability benefit (except a benefit which he received or could have received while working full time and except a lost time benefit which he received under a Workers' Compensation law or other law providing benefits for occupational injury or disease, while not totally disabled and while ineligible for a weekly accident and sickness benefit under the Group Insurance Plan); and
 - (v) with respect to such Week the Employee was not in military service or on a military leave (other than short term active duty of 30 days or less, including required military training, in a National Guard, Reserve or similar unit).
- (c) If an Employee is ineligible for a Benefit by reason of Section 3(b)(ii) or (iv) of this Article with respect to some but not all of his regular workdays in a week, and is otherwise eligible for a Benefit, he shall be entitled to a reduced Benefit payment as provided in Section 1(b) of Article II (computation of reduced Benefit).

Section 4. Disputed Claims for State System Benefits

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

dispute shall be finally determined adversely to the Employee, he shall be disqualified for the Weekly Supplemental Benefit to which the State System Benefit in dispute is applicable.

ARTICLE II
AMOUNT OF BENEFITS

Section 1. Regular Benefits

- (a) The Regular Benefit payable to any eligible Employee for a Week shall be the least of
 - (i) an amount which, when added to the Employee's State Benefit and Other Compensation for such Week, will equal 95% of his Weekly After Tax Straight-Time Pay, minus \$24.50 to take into account work-related expenses not incurred, and
 - (ii) One Hundred Fifteen Dollars (\$115.00),
 - (iii) One Hundred Dollars (\$100.00) whenever the Market Value of the Fund, as calculated under Article VII, is less than 35% of Maximum Funding, and
 - (iv) One Hundred Fifty Dollars (\$150.00) whenever the Market Value of the Fund is 35% or more but less than 50% of Maximum Funding;

provided, however, that Section 1(a)(ii) above shall not apply to any eligible laid off Employee who receives a State System Benefit for the same Week, and provided further that if, after exhaustion of his State System Benefits, it is determined that a laid off Employee is available for, and actively seeking, other employment, or is working elsewhere, Section 1(a)(ii) above shall not apply.

- (b) An otherwise eligible Employee entitled to a Weekly Supplemental Benefit which is reduced in accordance with Section 3(c) of Article I (conditions for reduced Benefit) because of ineligibility with respect to part of the Week will receive 1/5 of a Regular Benefit computed under Section 1(a) of this Article II for each workday of the Week for which he is otherwise eligible.
- (c) The amount of Regular Benefit so computed above shall be reduced, if the Employee is receiving with respect to such Week a pension or a retirement benefit under any Employer plan or program then in effect, by the weekly equivalent of the pension or retirement benefit.

Section 2. Automatic Short Week Benefits

The Automatic Short Week Benefit payable to any eligible Employee for any Week shall be an amount equal to the product of the number by which forty (40) (or such number of Compensated and/or Available Hours in excess of forty (40) which is equal to the hours

the employee is normally scheduled to work during such Workweek for those employees on an irregular or alternative work schedule) exceeds the number of his Compensated and/or Available Hours for such Week (with any fractional hour expressed as a decimal to the nearest tenth), multiplied by 80% of his Base Hourly Rate (plus 80% of any cost-of-living allowance then in effect, but excluding all other premiums and bonuses of any kind).

Section 3. State Benefit and Other Compensation

- (a) "State Benefit and Other Compensation" for a Week means the full amount of the State System Benefit, if any, received or receivable by the Employee for such Week; plus
 - (i) all pay received or receivable from the Company (including without limitation vacation and holiday payments) and the amount of unearned pay computed, as if payable, for hours made available by the Company but not worked, for such Week; provided, however, that if the hours made available but not worked are hours which the Employee had an option to refuse under a Collective Bargaining Agreement, such hours shall not be considered as hours made available by the Company; and provided, further, that if wages or remuneration are received or receivable by the Employee from employers other than the Company and are applicable to the same period as hours made available by the Company but not worked, only the greater of (1) such wages or remuneration in excess of the greater of Ten Dollars (\$10.00) or Twenty Percent (20%) of such wages or remuneration from other employers, or (2) any amount of pay which could have been earned, computed, as if payable, for hours made available by an Employer but not worked, shall be included; and further provided that all of the pay received or receivable by an Employee for a shift which extends through midnight shall be allocated:
 - (A) to the day on which the shift started if the Employee is on layoff with respect to the corresponding shift on the following day,
 - (B) to the day on which the shift ended if the Employee was on layoff with respect to the corresponding shift on the preceding day, and
 - (C) according to the pay for the hours worked each day, if the Employee was on layoff with respect to the corresponding shifts on both the preceding and the following days;

and, in any such event, the maximum Regular Benefit shall be modified to the extent (if any) necessary so that the Employee's Benefit will be increased to offset any reduction in his State System Benefit which may have resulted solely from the State System's allocation of his earnings for such a shift otherwise than as prescribed in this provision;

- (ii) all wages or remuneration, as defined under the law of the State System, in excess of the greater of Ten Dollars (\$10.00) or Twenty Percent (20%) of such wages or remuneration received from other employers for such Week (excluding such wages and remuneration which were considered in the calculation under (i) above), and
- (iii) the amount of all other benefits in the nature of compensation or benefits for unemployment, received or receivable under any state or federal system (such as, for example, the so-called readjustment allowances which were payable under federal law to veterans of World War II) for such Week.

State Benefit and Other Compensation also shall include the estimated amount of State System Benefit that would have been received by the Employee for such Week if he had not been ineligible therefor because of a limit under the State System of the period of time for which the State System Benefits are payable to the Employee (as specified in Section 1(b)(ii) of Article I (limit of time benefits payable under State System)) and, for purposes of this paragraph (a), such estimated amount shall be an amount equal to the State System weekly benefit rate which applied to the most recent week for which he received a State System Benefit; provided that such estimated amount shall not be included in the State Benefits and Other Compensation of an Employee who is eligible for a Regular Benefit for an Additional Benefit Week or Weeks.

- (b) In the event the amount of the State System Benefit received by an Employee for a state week shall be for less, or more, than a full state week (for reasons other than his receipt of wages or remuneration for such state week):
 - (i) because he has been disqualified or otherwise determined ineligible for a portion of a State System Benefit for reasons other than those set forth in Section 1(b) of Article I (exceptions if State Benefit not paid); or
 - (ii) because the state week for which the benefit is paid includes one or more waiting period effective days; or
 - (iii) because of an underpayment or overpayment of a previous State System Benefit,

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

- (c) In the event the State System Benefit period shall be shorter than a seven (7) day period due to commencement or termination of unemployment other than on the first or last day of his normally applicable state week, the period of the normally applicable state week shall be used in calculating "State Benefit and Other Compensation" for such state week.

Section 4. Insufficient Credit Units for Full Benefit

If an Employee shall have available less than the full number of Credit Units required to be cancelled for the full amount of the Benefit for any Week for which he is otherwise eligible, he shall be paid the full amount of such Benefit and in such event all remaining Credit Units to his credit shall be cancelled.

Section 5. Effect of Low Credit Unit Cancellation Base

Notwithstanding any of the other provisions of the Plan:

- (a) If the CUCB for any Week shall be less than Thirty-eight Dollars and Fifty Cents (\$38.50), no Benefit for such Week (other than an Automatic Short Week Benefit) for an Employee with less than 10 years of Seniority as of the last day of the Week for which any Benefit is being computed shall be paid at any time.
- (b) Assets in the Fund resulting from Company contributions made in accordance with Article VII, Sections 5(b) (Contributions Based on Advance Credit Account), (c) (Additional Company Contributions) and (d) (Contributions Based on Guaranteed Benefit Account) shall be utilized solely to pay claims upon which the amount of such contributions was determined.

Section 6. Benefit Overpayment

- (a) If the Company or the Board determines, after an Employee has been paid one or more Benefits under the Plan, that such Benefit or Benefits should not have been paid or should have been paid in a lesser amount or amounts (as the result of a subsequent disqualification for State System Benefits or otherwise), written notice thereof shall be mailed to such Employee and such Employee shall return the amount of overpayment; provided, however, that no such repayment shall be required if the cumulative overpayment is Three Dollars (\$3.00) or less or if notice has not been given within one hundred twenty (120) days from the date the overpayment was established or created, except that no such time limitation shall be applicable in cases of fraud or willful misrepresentation.
- (b) If such Employee shall fail to return such amount promptly, the Trustee shall arrange for an amount equal to the amount of overpayment to be reimbursed to the Fund by making a deduction from future Benefits (not to exceed Twenty Dollars (\$20.00) from any one Benefit except in cases of fraud or willful misrepresentation) or Separation Payment otherwise payable to such Employee or by requesting the Company to make a deduction from compensation payable by it to such Employee (not to exceed Thirty Dollars (\$30.00) from any one paycheck except in cases of fraud or willful misrepresentation), or both. The Company is authorized to make such deduction from the Employee's compensation and in such event shall pay the amount deducted to the Trustee.
- (c) The Company may adjust for any overpayments or underpayments in the amount of an Automatic Short Week Benefit at the same time as related adjustments are

made with respect to any wages for the same Workweek. Such Automatic Short Week Benefit adjustments shall be shown on the paycheck stub or other equivalent record given to the Employee. Such paycheck stub or equivalent record shall constitute a determination which may be appealed as provided in Section 3 of Article V (Procedure of Appeals).

Section 7. Withholding Tax

The Trustee or the Company shall deduct from the amount of any Benefit as computed under the Plan any amount required to be withheld by the Trustee or the Company by reason of any law or regulation, for payment of taxes or otherwise to any federal, state or municipal government.

ARTICLE III
CREDIT UNITS AND DURATION OF BENEFITS

Section 1. General

Credit Units shall have no fixed value in terms of either time or money, but shall be a means of determining eligibility for or duration of Benefits under the varying circumstances from time to time prevailing.

Section 2. Accrual of Credit Units

- (a) Credit Units shall be credited at the rate of one-half (.50) of a Credit Unit for each Workweek
 - (i) for which an Employee receives any pay from the Company or for which a vacation payment is allocated;
 - (ii) during which an Employee was on a military leave of absence in accordance with the provisions of Section 9.6 of the Labor Agreement between the Company and the Union; provided, however, that Credit Units accrued in accordance with this clause (ii) shall be credited to an Employee pursuant to the provisions of Section 6 of this Article III (Armed Services), and provided further that no Employee shall be credited with any Credit Units in accordance with this clause (ii) until the date he returns to work in accordance with the provisions of such military leave of absence; and
 - (iii) during which an Employee was absent from work because of occupational injury or disease which arose out of and in the course of such Employee's employment with the Company and on account of such absence received Total Temporary Disability Compensation under a workers' compensation law during such absence.
- (b) For the purpose of accruing Credit Units under this Section 2:

- (i) hours paid for at premium rate shall be counted only as straight-time hours; and
 - (ii) back pay shall be considered as pay for any Workweek or Workweeks to which it may be allocable.
- (c) The maximum number of Credit Units that any Employee may have to his credit under this Plan and any other supplemental unemployment benefit plan or plans to which the Company has contributed shall be fifty-two (52); provided that if an Employee has at any time to his credit the maximum number of Credit Units specified above and but for such limitation would accumulate additional Credit Units under this Section by reason of active service in a Bargaining Unit, such additional Credit Units as he might otherwise accumulate will at his direction be credited to him and a corresponding number of Credit Units accumulated under any other supplemental unemployment benefit plan or plans to which the Company has contributed, shall be cancelled as long as the aggregate of his Credit Units is maintained at not more than such maximum number.
- (d) No Employee shall be credited with any Credit Unit prior to the first day as of which he (i) has at least one (1) year of Seniority, and (ii) is in Active Service in the Bargaining Unit (or was in such Active Service within thirty (30) days prior to such first day); but as of such day he shall be credited with Credit Units based upon his full Workweeks and subsequent to his Seniority date.
- (e) At such time as the amount of any Benefit overpayment is recovered by the Fund, the number of Credit Units of such Employee, if any, theretofore cancelled with respect to such overpayment of Benefits shall be restored to him, except to the extent that such restoration would raise the number of his Credit Units at the time thereof above fifty-two (52) and except as otherwise provided with respect to Credit Unit forfeiture under Section 3 of this Article (Forfeiture of Credit Units).
- (f) An Employee who has Credit Units as of the last day of a Week shall be deemed to have them for all of the Week; provided, however, that an Employee who has Credit Units during part of a Week but forfeits them due to breaking Seniority during such Week by reason of death, or retirement under the provisions of the Non-Contributory Pension Plan, shall be deemed to have Credit Units for all of the Week.

Section 3. Forfeiture of Credit Units

Except as otherwise expressly provided below, an Employee shall forfeit permanently all Credit Units with which he shall have been credited if at any time

- (a) he shall incur a Break in Seniority;
- (b) he shall be on layoff from the Company for a continuous period of twenty-four (24) months (36 months in the case of an Employee who has 10 or more years of Seniority as of his last day worked prior to layoff), except that if at the expiration

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of the applicable period he is receiving Benefits his Credit Units shall not be forfeited until he ceases to receive Benefits; or

- (c) he shall willfully misrepresent any material fact in connection with an application by him for Benefits under the Plan.

Section 4. Credit Units to be Cancelled on Payment of a Benefit

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

If the CUCB applicable to the Week for which such Benefit is paid is:	And as of the last day of the Week for which such Benefit is paid to the Employee his Seniority is:					
	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	20 to 25 Years	25 Years And Over
\$815.00 or more	1.00	1.00	1.00	1.00	1.00	1.00
728.50 - 814.99	1.11	1.00	1.00	1.00	1.00	1.00
642.50 - 728.49	1.25	1.11	1.00	1.00	1.00	1.00
556.00 - 642.49	1.43	1.25	1.11	1.00	1.00	1.00
470.00 - 555.99	1.67	1.43	1.25	1.11	1.00	1.00
383.50 - 469.99	2.00	1.67	1.43	1.25	1.00	1.00
297.50 - 383.49	2.50	2.00	1.67	1.43	1.00	1.00
211.00 - 297.49	3.33	2.50	2.00	1.43	1.00	1.00
125.00 - 210.99	5.00	3.33	2.00	1.43	1.00	1.00
38.50 - 124.99	10.00	5.00	2.00	1.43	1.00	1.00
Under \$38.50	No Benefit Payable		2.00	1.43	1.00	1.00

- (b) provided, however, that no Credit Units shall be cancelled when an Employee receives an Automatic Short Week Benefit; and
- (c) provided further that in the event the employee is receiving, for any Week, Regular Benefits from contributions based on the Advance Credit Account pursuant to Section 5(b) of Article VII (Contributions Based on Advance Credit Account), or from Additional Company Contributions pursuant to Section 5(c) of Article VII (Additional Company Contributions) which are used to provide Regular Benefits for Weeks during which the Advance Credit Account was not exhausted, the CUCB applicable to such Week shall be deemed to be \$125.00 solely for the purposes of determining the number of Credit Units to be cancelled in accordance with the provisions of this Section 4.

Section 5. Restoration of Credit Units

- (a) An Employee who on a Restoration Date, which is defined as the first Sunday in December, 1979, or the first Sunday of each succeeding month of December thereafter,

- (i) is in Active Service in a Bargaining Unit covered by a Collective Bargaining Agreement or is on leave of absence in accordance with a Collective Bargaining Agreement (regardless of whether or not he has Credit Units), and
- (ii) possesses one or more years of Seniority in that Bargaining Unit, will have cancelled Credit Units restored. The number of Credit Units to be restored will be determined by:
 - (1) subtracting (A) the number of Credit Units to his credit on the Restoration Date, from (B) the maximum number of Credit Units which he had to his credit during the year ending on the Restoration Date, and
 - (2) multiplying the resulting number by the applicable percentage set forth in the following table:

Years of Seniority on the Restoration Date	Applicable Percentage
1 but less than 2	25%
2 but less than 4	50%
4 but less than 7	75%
7 and over	100%

- (b) If Credit Units were not restored to an Employee on a Restoration Date solely because he was not then in Active Service in, or on leave of absence from, the Bargaining Unit, the cancelled Credit Units, if any, of such Employee will be restored if on any day within the 52 pay periods following such Restoration Date such Employee has at least 1 year of Seniority and is in Active Service in a Bargaining Unit covered by a Collective Bargaining Agreement. Cancelled Credit Units will be restored as of the end of the first pay period in which he meets such requirements. The number of Credit Units, if any, to be restored to such Employee shall be the number determined by:
 - (1) subtracting from 52 the number of pay periods between the preceding Restoration Date and the last day of such first pay period; and
 - (2) subtracting from the resulting number the number of Credit Units to the Employee's credit on such last day; and
 - (3) multiplying that resulting number by the percentage in the table in Section 5(a) above applicable to the Employee's years of Seniority on the preceding Restoration Date.

This Section 5(b) shall apply only to the Employee's first return to Active Service that occurs in any one 12 month period following such Restoration Date.

Section 6. Armed Services

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

- (a) all Credit Units credited to the Employee at the time of his entry into such service, plus
- (b) any Credit Units to which he is entitled to be credited with respect to his period of military leave of absence, or
- (c) any Credit Units earned prior to or with respect to the period of his military leave of absence that would have been credited to him on or after the date he attained one (1) year of Seniority if he had been in the Active Service of the Company on or after such date

shall, notwithstanding the provisions of Section 2(d) of this Article III (crediting of Credit Units), be credited to him upon his return in accordance with his military leave of absence.

ARTICLE IV
SEPARATION PAYMENT

Section 1. Eligibility

An Employee shall be eligible for a Separation Payment if:

- (a) (i) he has been on a layoff (other than a temporary layoff) from the Bargaining Unit for a continuous period of at least twelve (12) months (or any shorter period determined by the Company) and such layoff was not the result of any of the circumstances or conditions specified in Section 3(b)(ii) of Article I (Conditions With Respect to Layoff); provided, however, an Employee shall be deemed to have been on layoff from the Company for a continuous period if, while on layoff, he accepts an offer of work by the Company and subsequently is laid off again within not more than ten (10) workdays from the date he was scheduled to return to work; and provided further that an Employee who, during any consecutive twelve (12) month period, has been on layoff from the Company during all of such period except for periods of recall or hiring into another plant of the Company which aggregate less than ninety (90) days, will be considered to have been on layoff for a continuous period of twelve (12) consecutive months for purposes of determining eligibility for a Separation Payment;

- (ii) he was actively at work on or after February 1, 1966, but became totally and permanently disabled on or after such date, and has been found eligible in all respects for a disability pension benefit under the Non-Contributory Pension Plan, except that he does not have the requisite years of credited service; or
- (iii) he has a combination of such layoff period and disability period which combined period is continuous through the date on which application for a Separation Payment is received by the Company; and
- (b) he has one or more years of Seniority on the last day on which he was in Active Service; and he has not incurred a Break in Seniority on or prior to the date on which application is made to the Company; and
- (c) he has not refused a recall by an Employer or is not employed by the Employer at a facility other than the facility from which he was laid off; and
- (d) he has made application for a Separation Payment within twenty-four (24) months from the commencement of his layoff or disability period (thirty-six (36) months if at such commencement he shall have 10 or more years of Seniority); provided, however, there has been an interval of at least one year between the commencement of his layoff or disability period and the date of his application hereunder (or any shorter period determined by the Company); and
- (e) his application is received by the Company during a pay period when the CUCB for such pay period is equal to or in excess of One Hundred Twenty-five Dollars (\$125.00); provided, however, that applications of otherwise eligible Employees received during a pay period in which the CUCB is less than One Hundred Twenty-five Dollars (\$125.00) shall become payable in order of dates of receipt by the Company if, but only during the period of time when, the CUCB becomes equal to or in excess of One Hundred Twenty-five Dollars (\$125.00). When the CUCB becomes equal to or in excess of One Hundred Twenty-five Dollars (\$125.00), such Separation Payments shall have priority of payment over any other applications for Separation Payments; and if, in the opinion of the Company, assets in the fund are or may become insufficient to pay Benefits and Separation Payments with respect to all applications then on file, the Company may take such action as it deems appropriate, including deferral of payments of Benefits otherwise payable, to facilitate the priority of payment of Separation Payments over Benefits. The amount of any Separation Payments or Benefits, or both, so deferred in payment shall be deducted, for the purpose of calculating the CUCB, from the amount of assets in the Fund. The foregoing shall not be construed to alter in any respect the provisions of Section 6 of Article VII (Liability).

Section 2. Payment

- (a) A Separation Payment shall be payable in a lump sum.

(b) Determination of Amount

- (i) Except as provided in (b)(ii), (iii) and (iv) of this Section, the Separation Payment shall be an amount determined by multiplying (1) the Employee's Base Hourly Rate (plus the cost-of-living allowance in effect on the last day he worked in a Bargaining Unit, but excluding all other premiums and bonuses of any kind), by (2) the applicable Number of Hours' Pay as shown in the following table:

Separation Payment Table

Years of Seniority on Last Day in Active Service	Number of Hours' Pay
1 but less than 2	60
2 but less than 3	84
3 but less than 4	120
4 but less than 5	162
5 but less than 6	195
6 but less than 7	242
7 but less than 8	280
8 but less than 9	345
9 but less than 10	400
10 but less than 11	450
11 but less than 12	520
12 but less than 13	585
13 but less than 14	650
14 but less than 15	725
15 but less than 16	770
16 but less than 17	840
17 but less than 18	925
18 but less than 19	1000
19 but less than 20	1100
20 but less than 21	1190
21 but less than 22	1285
22 but less than 23	1385
23 but less than 24	1490
24 but less than 25	1600
25 but less than 26	1635
26 but less than 27	1730
27 but less than 28	1810
28 but less than 29	1900
29 but less than 30	1990
30 and over	2080

- (ii) If the CUCB as of the date application is received by the Company is below Two Hundred Twenty-five Dollars (\$225.00), the amount of such Separation Payment shall be reduced by One Percent (1%) for each full Two Dollars and Twenty-five Cents (\$2.25) by which the CUCB is less than Two Hundred Twenty-five Dollars (\$225.00) as of such date; provided, however, that with respect to Separation Payments deferred under Section 1(e) of this Article IV (low CUCB), the CUCB in effect as of the date the draft in payment of such Separation Payment is issued shall be used in the above computation in lieu of such CUCB on the date application was received.
- (iii) The amount of Separation Payment as initially computed shall be reduced by:
 - (1) the amount of any Benefits paid or payable to an Employee with respect to Weeks occurring after the last day the Employee worked in a Bargaining Unit; and
 - (2) the amount of any payment, financed in whole or in part by the Company, received or receivable, on or after the last day the Employee worked in a Bargaining Unit, with respect to any layoff or separation from the Company (other than a State System Benefit or a benefit payable under the Federal Social Security Act); and
 - (3) any amount required to be withheld by the Trustee or the Company by reason of any law or regulation, for payment of taxes or otherwise, to any federal, state or municipal government.
- (iv) If an Employee has been paid a prior Separation Payment and thereafter was hired again by the Company within three years from the last day he worked in a Bargaining Unit, (1) the Years of Seniority for purposes of determining the amount of his current Separation Payment shall be the sum of the Years of Seniority used to determine the amount of his prior Separation Payment and the number of Years of Seniority acquired by him after he was rehired, but (2) there shall be subtracted from the Number of Hours' Pay, based on his Years of Seniority determined as provided in (1) above, the Number of Hours' Pay used to calculate his prior Separation Payment.

Section 3. Effect of Separation Payment on Seniority

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

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Section 4. Overpayments

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

Section 5. Repayment

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

Section 6. Notice of Application Time Limits

The Company shall provide written notice of the time limit for filing a Separation Payment application to its Employees who may be eligible for such Payment. Such notice shall be mailed to the Employee's last address of record not later than thirty (30) days prior to both the earliest date and the latest date as of which he may apply pursuant to the provisions of Section 1(d) of this Article IV (application within 24 months).

Section 7. Armed Service

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

ARTICLE V
APPLICATION, DETERMINATION OF ELIGIBILITY,
AND APPEAL PROCEDURES FOR BENEFITS AND SEPARATION PAYMENTS

Section 1. Applications

(a) Filing of Applications

An Employee applying for a Weekly Supplemental Benefit payment must apply personally at the place designated for the purpose of filing applications when applying for the first such payment in a single continuous period of layoff. Thereafter, for any Week that he continues on layoff, he must apply for a Weekly Supplemental Benefit payment either in person or by mail in accordance with procedures which shall be established by the Company.

(b) Application Information

An Employee applying for a Weekly Supplemental Benefit or a Separation Payment under the Plan shall be required:

- (i) to state, in writing under oath, (1) whether he received or was entitled to receive any benefit from any source other than the Plan and the State System, for the Week with respect to which application is made, and, if so, the source and amount thereof; (2) the amount earned from all sources during such Week and the source thereof; and (3) the identity and number of his Dependents; and in addition, an Employee applying for a Benefit or a Separation Payment under the Plan may be required to state, in writing under oath, such further and additional evidence and information as the Company may deem to be material and relevant in order to enable the Company to determine whether such Employee is eligible to be paid a Benefit or Separation Payment under the Plan, and, if so, the amount of such Benefit or Separation Payment.
- (ii) to exhibit his State System Benefit check for the Week with respect to which application for a Weekly Supplemental Benefit under the Plan is made, or to submit evidence satisfactory to the Company for such Week of either (1) his receipt of or entitlement to receive a State System Benefit, or (2) his ineligibility for a State System Benefit solely for the reasons specified in Section 1(b) of Article I (exceptions if State Benefit not paid); except that with respect to ineligibility by reason of employment or receipt of wages or remuneration, as provided in Section 1 (b)(iii) of Article I (period of work or pay disqualifies for State System Benefit) the Company may not require such Employee to report or apply to the State System office to obtain proof that he would have been eligible for State System Benefits, but for such employment, wages or remuneration.
- (iii) in the case of an application for any Benefit under the Plan in a State under the laws of which the provisions of Article II, Section 6(b), relating to repayment from compensation, are not allowed to operate and in consideration of payment of such Benefit, to execute a wage assignment in favor of the Fund to secure the repayment to the Trustee of the Fund of amounts determined to have been overpaid.

State System Benefits shall be presumed to have been received by the Employee on the date set forth on the check, check stub, photostatic copy of such check, payment receipt, or other satisfactory evidence referred to above.

In the event that the amount of the Regular Benefit applied for exceeds the One Hundred Fifteen Dollar (\$115.00) maximum, as provided in Section 1(a)(ii) of Article II, and if the Employee is not receiving a State System Benefit for the same Week, the Employee shall furnish such evidence as is necessary to determine that he is available for, and actively seeking, other employment, or is working elsewhere.

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Section 2. Determination of Eligibility

- (a) When an Employee files an application for a Benefit or Separation Payment under the Plan in accordance with Section 1 of this Article, or an application for a determination under Section 2(b) of Article I and furnishes the evidence and information required to be furnished under Section 1(b) of this Article, the Company promptly thereafter shall determine whether any Benefit or Separation Payment is payable to such eligible Employee, and, if so, the amount thereof.
- (b) If the Company determines that a Benefit or Separation Payment is payable from the Fund to an eligible Employee, it shall deliver prompt written notice thereof to the Trustee to pay such Benefit or Separation Payment.
- (c) If the Company determines that an Employee is not entitled to a Benefit or Separation Payment, it shall send prompt written notice thereof to him, including the reasons therefor.
- (d) The Company shall furnish promptly to the Union members of the Board (i) copies of all Company determinations of Benefit or Separation Payment ineligibility or overpayment, and (ii) copies of all applications for Separation Payments.

Section 3. Procedure of Appeals

- (a) Applicability of Appeals Procedure
 - (i) The appeals procedure set forth in this Section may be employed only for the purposes specified in this Section.
 - (ii) No question involving the interpretation or application of the Plan shall be subject to the grievance procedure provided for in the Collective Bargaining Agreement.
- (b) Procedure for Appeals
 - (i) An Employee may appeal from the Company's written determination of Article I with respect to the payment or denial of a Benefit or a Separation Payment by filing a written appeal with the Board on a form provided for that purpose.
 - (ii) Such written appeals shall be filed with the designated Company representative within thirty (30) days following the date of mailing of the determination appealed. With respect to appeals that are mailed, the date of filing shall be the postmarked date of the appeal. No appeal shall be valid after such thirty (30) day period unless such time limit is waived under Section 2(b)(iv) of Article VI.

- (iii) Appeals shall be in writing, shall specify the respects in which the Plan is claimed to have been violated, and shall set forth the facts relied upon as justifying a reversal or modification of the determination appealed from.
- (iv) The handling and disposition of each appeal to the Board shall be in accordance with regulations and procedures established by the Board.
- (v) The Employee or the Union members of the Board may withdraw any appeal to the Board at any time before it is decided by the Board.
- (vi) There shall be no appeal from the Board's decision. It shall be final and binding upon the Union, its members, the Employee or former Employee, the Trustee, and the Company. The Union shall discourage any attempt of its members to appeal, and shall not encourage or cooperate with any of its members in any appeal, to any Court or Labor Board from a decision of the Board, nor shall the Union or its members by any other means attempt to bring about the settlement of any claim or issue on which the Board is empowered to rule hereunder.
- (vii) The Employee shall be advised, in writing, by the Board of the disposition of any appeal.

(c) Benefits Payable After Appeal

In the event that an appeal pursuant to this Section with respect to entitlement to a Benefit is decided in favor of an Employee, said Benefit shall be paid to him; provided, however, that if the payment of the Benefit requires Credit Unit cancellation, the Benefit shall be paid only if he had not exhausted Credit Units after the Week of the Benefit in dispute.

(d) Meaning of Term "Employee" with Respect to Appeal Provisions

With respect to the appeal provisions set forth under this Section 3 only, the term "Employee" shall include any person who received or was denied the Benefit or Separation Payment in dispute.

ARTICLE VI
ADMINISTRATION OF THE PLAN

Section 1. Powers and Authority of the Company

(a) Powers

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

- (i) To obtain such information as the Company shall deem necessary in order to carry out its duties under this Plan.
- (ii) To investigate the correctness and validity of information furnished by any Employee who applies for a Benefit or Separation Payment.
- (iii) To make initial determinations with respect to Benefits or Separation Payments.
- (iv) To make appropriate determinations pursuant to Article V (Application, Determination of Eligibility, and Appeal Procedures for Benefits and Separation Payments) and this Article VI (Administration of the Plan).
- (v) To determine the Maximum Funding of the Fund and the CUCB.
- (vi) To establish appropriate procedures for giving notices required to be given under the Plan.
- (vii) To establish and maintain necessary records.
- (viii) To prepare and distribute information explaining the Plan.
- (ix) To round out figures, use averages and composites, and employ other customary and routine accounting techniques as it may deem necessary and appropriate.
- (x) To designate an office or department at a Plant, or in the alternative a location in the general area of the Plant, where persons laid off from the Plant may appear for the purpose of complying with requirements of the Plan.
- (xi) To establish reasonable rules, regulations and procedures concerning (1) the manner in which and the times and places at which applications shall be filed for Benefits or Separation Payments, and (2) the form, content and substantiation of applications for Benefits and Separation Payments. The Board may make recommendations to the Company with respect to such rules, regulations and procedures, and the Company shall give due consideration to such recommendations; but the foregoing in no way shall affect or modify the exclusive right of the Company to establish such rules, regulations and procedures.
- (xii) To designate, by resolution of its Board of Directors, and to the extent not otherwise provided in the Plan, any person, committee, board, or similar body to act as named fiduciary or fiduciaries under the Plan; to allocate any of its duties and responsibilities under the Plan to such named fiduciary or fiduciaries; and if the Board of Directors allocates any of its duties and responsibilities under the Plan to a named fiduciary, such named fiduciary shall be substituted for the Company whenever such term

appears under the Plan with respect to any duties and responsibilities so allocated, including the provisions of this paragraph (a).

- (xiii) The sole discretionary authority to interpret the terms of the Plan, to determine eligibility for and entitlement to Plan benefits and to take any other action with respect to the Plan, notwithstanding any provision of the Plan to the contrary.

(b) Authority

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

Section 2. Board of Administration of the Plan

(a) Composition and Procedure

- (i) There shall be a Board of Administration of the Plan consisting of six (6) members, three (3) of whom shall be appointed by the Company (hereinafter referred to as the "Company members") and three (3) of whom shall be appointed by the Union (hereinafter referred to as the "Union members"). Each member of the Board shall have an alternate. In the event a member is absent from a meeting of the Board, his alternate may attend, and when in attendance, shall exercise the powers and perform the duties of such member. Either the Company or the Union at any time may remove a member appointed by it and may appoint a member to fill any vacancy among the members appointed by it. The Company and the Union each shall notify the other in writing of the members respectively appointed by it before any such appointment shall be effective.
- (ii) In the event that a majority of the Board is unable to agree with respect to any matter referred to it and with respect to which the Board has power to decide hereunder, the members of the Board shall appoint an impartial chairman, who shall serve until requested in writing to resign by three (3) members of the Board. In the event of the inability of the members of the Board to agree upon a Chairman, or to agree upon the appointment of any successor Chairman, the Board shall ask the Federal Mediation and Conciliation Service to furnish a suggested list of names of five (5) persons, from which list the Board shall select one (1) person to serve as

Chairman. Such selection shall be by agreement, if possible; otherwise by the Union members, as a group, and the Company members, as a group, alternately eliminating names from said list. After each group has eliminated the names of two (2) persons from said list, the remaining one shall be appointed by the Board as Chairman. The impartial chairman shall be considered a member of the Board, and shall vote only in matters within the Board's authority to determine where the other members of the Board shall have been unable to dispose of a matter by majority vote, except that the impartial chairman shall have no vote concerning determinations made in connection with Section 1(b)(ix) of Article I (contrary to intent of Plan).

- (iii) At least two (2) Union members and two (2) Company members shall be required to be present at any meeting of the Board in order to constitute a quorum for the transaction of business. At all meetings of the Board, the Company members shall have a total of three (3) votes and the Union members shall have a total of three (3) votes, the vote of any absent member being divided equally between the members present appointed by the same party. Decisions of the Board shall be by a majority of the votes cast.
- (iv) The Board shall not maintain any separate office or staff, but the Company and the Union shall be responsible for furnishing such clerical and other assistance as its respective members of the Board shall require. Copies of all appeals, reports and other documents to be filed with the Board pursuant to the Plan shall be filed in duplicate, one (1) copy to be sent to the Company members at the address designated by them and the other to be sent to the Union members at the address designated by them.

(b) Powers and Authority of the Board

- (i) It shall be the function of the Board to exercise ultimate responsibility for determining whether an Employee is eligible for a Benefit or Separation Payment under the terms of the Plan, and, if so, the amount of such Benefit or Separation Payment; provided, however, that the Company shall make the initial determination of both points with respect to the application for each such Benefit or Separation Payment. The Board shall be presumed conclusively to have approved any such determination by the Company unless the person who applied for such Benefit or Separation Payment shall have appealed from the determination by the Company in the manner and within the time prescribed in Section 3(b) of Article V (Procedure for Appeals).
- (ii) The Board shall be empowered and authorized and shall have jurisdiction (1) to hear and determine appeals pursuant to Article V (Application, Determination of Eligibility, and Appeal Procedures for Benefits and Separation Payments); (2) to obtain from Employees, the Company, the

Union and elsewhere, such information as the Board shall deem necessary in order to determine such appeals; (3) to prescribe the form and content of appeals to the Board and such detailed procedures as may be necessary with respect to the filing of such appeals; (4) to direct the Company to notify the Trustee to make payments of Benefits or Separation Payments pursuant to determinations made by the Board; and (5) to perform such other duties as are expressly conferred upon it by the Plan.

- (iii) In ruling upon appeals, the Board shall have no authority to waive, vary, qualify or alter in any manner the eligibility requirements set forth in the Plan, the procedure for applying for Benefits or Separation Payments set forth therein, or any other provision of the Plan, and shall have no jurisdiction other than to determine, on the basis of the facts presented and in accordance with the provisions of the Plan:
 - (1) whether the appeal to the Board was made within the time and in the manner specified in Section 3(b) of Article V (Procedure for Appeals);
 - (2) whether the Employee is an eligible Employee with respect to the Benefit or Separation Payment claimed and, if so,
 - (3) the amount of any Benefit or Separation Payment payable; and
 - (4) whether a protest of an Employee's State System Benefit by the Company is frivolous.
- (iv) The Board shall have no jurisdiction to act upon any appeal not made within the time limit and in the manner specified in Section 3(b) of Article V (Procedure for Appeals); provided that the thirty (30) day limitation thereunder may be waived if it is the unanimous opinion of the members of the Board that the circumstances causing an appeal not to be filed within such thirty (30) days warrants such a waiver.
- (v) The Board shall have no power to determine questions arising under the Collective Bargaining Agreement, even though relevant to the issues before the Board. All such questions shall be determined through the regular procedures provided therefor by the Collective Bargaining Agreement, and all determinations made pursuant to such Agreement shall be accepted by the Board.
- (vi) Nothing in this Article shall be deemed to give the Board the power to prescribe in any manner internal procedures of either the Company or the Union.

Section 3. Basis for Determination of Withholding Exemptions and Dependents

For purposes of determining the amount of taxes required to be withheld from any Benefit payment or Separation Payment, the Company and the Trustee shall be entitled to rely conclusively on the official form then on file with the Company for purposes of establishing the number of an Employee's exemptions for federal or state income tax withholding on regular wages. For purposes of determining the amount of each Benefit payment for any Week, the Company and the Trustee shall determine Weekly After-Tax Straight-Time Pay taking into account the sum of all federal or state taxes required to be withheld based upon the actual number of Dependents who qualify in such Week for dependency tax status (under the Internal Revenue Code and upon evidence submitted by the Employee satisfactory to the Company or Trustee. If an Employee desires to change prospectively such number of exemptions for purposes of income tax withholding or such number of Dependents for purposes of Benefit payment determination, he shall have the burden of establishing that he is entitled to claim a greater number of Dependents than the number shown on the official form last filed by him.

Section 4. To Whom Benefits and Separation Payments are Payable in Certain Conditions

Benefits and Separation Payments shall be payable hereunder only to the Employee who is eligible therefor, except that if the Board shall find that such an Employee is deceased or is unable to manage his affairs for any reason, any such Benefit or Separation Payment payable to him shall be paid to his duly appointed legal representative, if there is one, and if not, to the spouse, parents, children or other relatives or Dependents of such Employee as the Board in its discretion may determine. Any Benefit or Separation Payment so paid shall be a complete discharge of any liability with respect to such Benefit or Separation Payment. In the case of death, no Benefit shall be payable with respect to any period following the last day of layoff immediately preceding the person's death.

Section 5. Nonalienation of Benefits and Separation Payments

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

Section 6. Applicable Law

The Plan and all rights and duties thereunder shall be governed, construed and administered in accordance with the laws of the State of Illinois, except that the eligibility of a person for, and the amount and duration of, State System Benefits shall be determined in accordance with the state laws of the applicable State System.

ARTICLE VII
FINANCIAL PROVISIONS AND REPORTS

Section 1. Establishment of Fund

The Company shall maintain a Fund in connection with this Plan, the Trustee or Trustees of which shall be a qualified bank or banks or a qualified trust company or trust companies selected by the Company. Contributions required of the Company from time to time under the Plan shall be paid into such Fund. Automatic Short Week Benefits shall be payable by the Company. Except as otherwise expressly provided to the contrary in the Plan or in the Collective Bargaining Agreement, all other Benefits and Separation Payments shall be payable only from the Fund.

The Trustee shall be directed to hold the assets of the Fund only in cash or invested only in:

- (a) general obligations of United States Government and obligations of any agency or instrumentality of the United States Government or any United States Government-sponsored private corporation; or obligations of any other organizations which are backed by the full faith and credit of, or are a contractual obligation of the United States (United States Government agency obligation); or corporate dept. instruments rated AA or better by both Moody's and Standard and Poor's; and/or
- (b) prime quality short-term obligations such as commercial paper, bankers acceptances, certificates of deposit or similar investments; and/or
- (c) a common, collective or commingled investment fund consisting of any combination of the investments under (a) or (b) above,

irrespective of the rate of return thereon and without any absolute or relative limit upon the amount that may be invested. The Trustee shall not be liable for the making or retaining of any such investment or for realized or unrealized loss thereon whether from normal or abnormal economic conditions or otherwise.

Section 2. Maximum Funding

- (a) There shall be a Maximum Funding of the Fund for each calendar month which shall apply to each pay period beginning within such month.

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- (b) The Maximum Funding of the Fund for each calendar month which commences on or after the Effective Date will be determined by multiplying \$2,200 by the sum of (i) the number of Employees in Active Service and (ii) the number of persons laid off from work but who have Credit Units and are not included in (i), both numbers to be determined by the Company as of the latest date for which these figures are available.

Section 3. CUCB (Credit Unit Cancellation Base)

- (a) The CUCB shall be determined for each calendar month in the following manner: The current market value of the total assets in the Fund as of the close of business on the Friday preceding the first Monday of such month, as certified by the Trustee, shall be divided by the number of Employees and persons used in determining the Maximum Funding of the Fund for such month.
- (b) The CUCB for any particular month shall be applied to each of the pay periods beginning within such month; provided, however, that whenever the CUCB for any particular month is less than Two Hundred Ninety-seven Dollars and Fifty Cents (\$297.50), the CUCB shall be applied only to the first pay period beginning within such month, and thereafter there shall be determined a CUCB for each pay period until the CUCB for a particular pay period equals or exceeds Two Hundred Ninety-seven Dollars and Fifty Cents (\$297.50). When the CUCB for a particular pay period equals or exceeds such amount, such CUCB shall be applied to each pay period until a CUCB for the following calendar month shall be applicable. The CUCB for a particular pay period shall be determined on the basis of the current market value of the total assets in the Fund as of the close of business on the Friday preceding such pay period, as certified by the Trustee.

Section 4. Finality of Determination

No adjustment in the Maximum Funding or the CUCB shall be made on account of any subsequently discovered error in the computations or the figures used in making the computations, except in the case where, after discovery of an error, adjustment is practicable, and then the adjustment shall only be prospective in effect, unless such adjustment would be substantial in the opinion of the Company. Nothing in the foregoing shall be construed to excuse the Company from making up any shortage in contributions to the Fund.

Section 5. Company Contributions

- (a) General

The Company's contribution under the Plan for any pay period will be an amount determined by multiplying (1) the number of hours for which Employees covered by the Plan received pay in that pay period, by (2) a number of cents-per-hour, depending upon the ratio of such market value of the Fund assets to the Maximum Funding of the Fund, as determined in accordance with the following table:

If the ratio of such market value of the Fund assets to Maximum Funding is:

The contribution will be the following number of cents per hour:

100% or more	11 cents
95% or more but less than 100%	16 cents
90% or more but less than 95%	17 cents
85% or more but less than 90%	18 cents
80% or more but less than 85%	19 cents
75% or more but less than 80%	20 cents
70% or more but less than 75%	21 cents
65% or more but less than 70%	22 cents
60% or more but less than 65%	23 cents
55% or more but less than 60%	24 cents
50% or more but less than 55%	25 cents
45% or more but less than 50%	26 cents
40% or more but less than 45%	27 cents
35% or more but less than 40%	28 cents
30% or more but less than 35%	29 cents
Less than 30%	30 cents

(b) Contributions Based on Advance Credit Account

Notwithstanding anything contained in the Plan to the contrary, for any pay period beginning on or after the Effective Date, if, after any required contributions are made under Section 5(a) above, the CUCB for such pay period would otherwise be less than \$38.50 and the Fund does not have sufficient assets to pay Regular Benefits otherwise due and payable for Weeks beginning on or after the Effective Date, the Company shall make additional contributions to the fund equal to the lesser of:

- (i) an amount, after taking into account any contributions under Section 5(a) and Fund assets above, sufficient to pay Regular Benefits otherwise payable under the Plan for such Weeks, or
- (ii) a total amount (including the amount provided under paragraph (i) above) equal to \$4,400,000, less the sum of the contributions made under this Section 5(b) and not subsequently recovered.

Any Company contributions made to the Fund under this Section 5(b) shall immediately be recoverable from the amount of future Company contributions otherwise required under Section 5(a) above. Any amount so recovered shall be restored to the Advance Credit Account so long as the amount contained in the Account under (b)(ii) above is less than \$4,400,000.

(c) Additional Company Contributions

If, after any required contributions are made under (a) and (b) of this Section 5 for any pay period, the Fund does not have sufficient assets to pay Regular Benefits otherwise due and payable under the Plan, and if there are applications due and payable for Weeks beginning on or after the Effective Date, during which the CUCB exceeded \$38.50, or during which the Advance Credit Account was not exhausted, the Company shall make an additional contribution to the Fund in an amount sufficient to pay such Regular Benefits for such Weeks. If the Advance Credit Account reduces to \$0, no such Additional Employer Contribution shall be payable for the Week in which such Account reduces to \$0 and for any Weeks thereafter except with respect to Employees with ten or more years of Seniority and provided the \$4,400,000 recovery and restoration process is in effect and the Advance Credit Account contains an amount which is insufficient to pay all Regular Benefits. If the CUCB shall again reach \$38.50, Additional Company Contributions shall again be payable.

(d) Contributions Based on Guaranteed Benefit Account

If, after any required contributions are made under (a), (b) and (c) of this Section for any pay period beginning after February 1, 1977, the Fund does not have assets sufficient to pay Regular Benefits due and payable under the Plan to Employees with ten (10) or more years of Seniority, the Company shall make an additional contribution to the Fund equal to the lesser of:

- (i) An amount sufficient to pay such Regular Benefits after taking into account any contributions under Section 5(a) above; or
- (ii) An amount equal to (A) \$200 multiplied by the number of Employees used in determining Maximum Funding for the month of February, 1983 and under Section 2(a) (Maximum Funding), less (B) the sum of the contributions previously made under this Section 5(d) and not subsequently recovered.

The total amount of contributions made to the Fund by the Company under this Section 5(d) shall be immediately recoverable by the Company, as provided under subsection 5(f)(i)(E) of this Article. The making, recovery, and again making of contributions by the Company under subsections 5(d) and 5(f)(i)(E) shall be repeated as necessary; provided, however, that the outstanding balance of such contributions made by the Company and not recovered at any point in time shall not exceed the maximum amount provided under subsection 5(d)(ii).

- (e) Notwithstanding any other provision in the Plan to the contrary, if, at any time after all obligations for contributions under (b) and (c) of this Section 5 have been met, all assets of the Fund and any remaining balance owed from the Guaranteed Benefit Account are not sufficient to pay in full all Benefit claims then pending with respect to a Week for Employees with 10 or more years of Seniority, then any contributions thereafter made under Section 5(a) above (i) shall be accumulated in the Fund until the assets of the Fund plus any remaining balance

owed from the Guaranteed Benefit Account are sufficient to pay, in full, all unpaid Benefit claims for such Employees for a Week, beginning with the earliest Week for which Benefit claims remain unpaid, and (ii) while so accumulated shall be deducted from the market value of the assets in the Fund in determining the CUCB.

(f) Reduction in Contributions

(i) After recovery has been made to fully restore the Advance Credit Account to \$4,400,000 under paragraph (b) of this Section 5, the Company's contributions to the Fund, as determined under paragraph (a) of this Section 5, shall be further reduced as provided below when the Advance Credit Account is at \$4,400,000, but such reduction shall not be made when the Advance Credit Account is less than \$4,400,000:

- (A) the amounts of any Benefits and lump sum payments paid by the Company to separated Employees under any agreement between the Company and the Union, which specifically provides that the amount of such Benefits and lump sum payments as are paid thereunder shall be deducted from contributions required under this Plan,
- (B) the amount of any contributions by the Company under Section 5(c) above,
- (C) the amounts of Automatic Short Week Benefits paid by the Company under this Plan,
- (D) the amounts of the reductions accrued under Article VII, Section 5(d) of the 1980 Plan and 5(f) of the 1983 Plan,
- (E) if the CUCB for any pay period is \$815 or more, the amount of any Retirement Bonus payments made to Employees pursuant to any Collective Bargaining Agreement, and
- (F) if the total Company contributions to the Fund during a pay period under subsection (a) above exceed the total amount of Benefits paid from the Fund during such pay period, an amount equal to five cents-per-hour times the total number of hours for which Employees shall have received pay from the Company during such pay period but not more than the amount by which the total contributions to the Fund exceed the total amount of Benefits paid from the Fund during such pay period and not more than the amount of any current balance of contributions previously made but not recovered under Section 5(d) of this Article.

(ii) If the contributions required are less than the amounts to be offset under (f)(i) above, then any subsequently required contributions shall be reduced

by the amount not previously offset against contributions. Any such amount determined under (A), (B), (C), (D) and (E) of Section 5(f)(i) above not previously offset against contributions shall be deducted from the market value of the assets in the Fund in determining the CUCB; provided, however, that so long as the Advance Credit Account is in effect, such deductions shall not be made while the CUCB is below \$38.50 nor result in reducing the CUCB below \$38.50.

(g) When Contributions are Payable

Each contribution by the Company shall be made on or before the close of business on the first regularly scheduled workday in the second calendar week following the payday for the pay period with respect to which the contribution is being made.

(h) Effect of Withholding

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

Section 6. Liability

(a) The provisions of these Articles I through IX constitute the entire Plan. The provisions of Article VII (Financial Provisions and Reports), express, and shall be deemed to express, completely each and every obligation of the Company with respect to the financing of the Plan and providing for Benefits and Separation Payments. Without limiting the foregoing, no Benefit or Separation Payment shall be payable from the Fund except as stated in the Plan, and the Company shall not be obligated to provide for any Benefit or Separation Payment not provided for in the Plan, or to make any contribution to the Fund not specifically provided for in the Plan even though the assets in the Fund should be insufficient to pay such Benefits and Separation Payments to which eligible Employees would have been entitled under the Plan were the assets of the Fund adequate to pay such Benefits and Separation Payments; and the Union shall not call upon the Company to make or provide for any such Benefit or Separation Payment. The Company shall not be obligated to make up, or provide for making up, any depreciation, or loss arising from depreciation, in the value of the securities held in the Fund (other than as contributions by the Company may be required under the provisions of this Article, when the market value of the assets of the Fund is less than the Maximum Funding of the Fund) and the Union shall not call upon the Company to make up, or to provide for making up, any such depreciation or loss.

(b) The Board, the Company, the Trustee and the Union and each of them shall not be liable because of any act or failure to act on the part of any of the others, and each

is authorized to rely upon the correctness of any information furnished to it by an authorized representative of any of the others.

- (c) Notwithstanding the above provisions, nothing in this Section shall be deemed to relieve any person from liability for willful misconduct or fraud or from responsibility or liability for any obligation or duty under the Employee Retirement Income Security Act of 1974.

Section 7. No Vested Interest

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

Section 8. Reports

- (a) Reports by the Company

- (i) The Company shall

- (1) notify the Union with reasonable promptness of the amount of the Maximum Funding of the Fund and the CUCB as determined by it from time to time under the Plan, and shall furnish a statement showing the amount of Regular Benefit paid, if any, the amount of Automatic Short Week Benefit paid, if any, the number of Employees in Active Service and the number of laid off Employees not in Active Service but having Credit Units, upon the basis of which such determination was made and the number of Retirement Bonus payments and the amount, if any, by which Company contributions under Section 5, Article VII (Company Contributions), were reduced on account of such Retirement Bonus payments, and
 - (2) furnish the Union a quarterly statement showing, by name, the amounts, if any, paid as Separation Payments from the Fund, and
 - (3) furnish the Union an annual statement as of December 1 of each year showing the number of Credit Units restored as of such December 1.

- (ii) On or before April 1 of each year, the Company shall furnish to the Union a statement certified on the basis of a limited scope review by a qualified independent firm or certified public accountants selected by the Company:

- (1) showing the number of hours for which Employees shall have received pay from the Company and with respect to which the Company shall have made contributions to the Fund during each period of the preceding year, and

- (2) verifying the accuracy of the information furnished by the Company during the preceding year pursuant to (a)(i) above.

The Company will comply with reasonable requests by the Union for other statistical information on the operation of the Plan which the Company may have compiled.

- (iii) The Company shall furnish annually to each Employee who received Benefits during the year a statement showing the total amount of such Benefits received, which statement may consist of a copy of any Federal income tax information return covering such Benefits which the Company shall prepare for the purpose of filing with the Internal Revenue Service.
- (iv) The Company will advise the Union Members of the Board at the time of layoff of the reason or reasons causing any Short Workweek involving a substantial number of Employees.

(b) Reports by the Trustee

- (i) Within ten (10) days after the commencement of each month, the Trustee shall be required to furnish to the Union and the Company a statement showing the amounts received from the Company for the Fund during the preceding month.
- (ii) Not later than the second Tuesday following the first Monday of each month, the Trustee shall furnish to the Union, the statement showing by type of Benefit the number and amounts, if any, paid during each Week of the preceding month as
 - (1) Regular Benefits, based on a Week of Layoff without earnings from the Company or otherwise,
 - (2) Regular Benefits paid to Employees who are ineligible to receive State System Benefits for any of the reasons specified in Section 1(b) of Article I (exceptions if State Benefit not paid),
 - (3) other Regular Benefits,
 - (4) Benefits paid to Employees who were eligible with respect to some but not all of the regular workdays in a Week, as provided in Sections 3(b)(ii) and (iv) of Article I (Conditions With Respect to Layoff),
 - (5) Automatic Short Week Benefits,
 - (6) Alternate Benefits, and
 - (7) Separation Payments.

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Section 9. Costs of Administering the Plan

(a) Expenses of Trustee

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

(b) Expenses of the Board of Administration

The compensation of any impartial Chairman of the Board, which shall be in such amount and on such basis as may be determined by the other members of the Board, shall be shared equally by the Company and the Union. Reasonable and necessary expenses of the Board for forms and stationery required in connection with the handling of appeals shall be borne by the Company.

(c) Cost of Services

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

Section 10. Benefit and Separation Payment Drafts Not Presented

If the Trustee has segregated any portion of the Fund in connection with any determination that a Benefit or Separation Payment is payable under the Plan, and the Employee fails to claim such Benefit or Separation Payment within a period of two (2) years from the date of such determination, the amount of such unpaid Benefit or Separation Payment shall revert to the Fund.

ARTICLE VIII
MISCELLANEOUS

Section 1. Purpose of Plan and Status of Employees Receiving Benefits and Separation Payments

(a) Purpose of Plan

With respect to Weekly Supplemental Benefits, it is the purpose of the Plan to supplement State System Benefits and not to replace or duplicate them.

(b) Status of Person Receiving Benefits and Separation Payments

Neither the Company contributions nor any Benefit or Separation Payment paid under the Plan shall be considered a part of any Employee's wages for any purpose (except as Separation Payments, paid under Article IV, and Benefits are treated as if they were "wages" solely for purposes of federal income tax withholding as provided in the Internal Revenue Code of 1986, as amended). No Employee who receives any Benefit or Separation Payment shall for that reason

be deemed an Employee of the Company during such period, and he shall not thereby accrue any greater right to participate in, accrue credits or receive benefits under any other employee benefit plan to which the Company contributes than he would if he were not receiving such Benefit or Separation Payment.

Section 2. Effect of Revocation of Federal Rulings

In the event that any rulings or determination letters which have been or may be obtained by the Company or which may have been published generally (in form satisfactory to the Company) holding

- (a) that contributions to the Fund maintained pursuant to the Plan shall constitute currently deductible expenses and that the Fund shall be exempt from income taxes under the Internal Revenue Code of 1986, as now in effect or as it may be hereafter amended, or under any other applicable Federal income tax law, or
- (b) that no part of any such contributions shall be included for purposes of the Fair Labor Standards Act in the regular rate of pay of any Employee,

shall be revoked or modified in such manner as no longer to be satisfactory to the Company, all obligations of the Company under the Plan shall cease and the Plan shall thereupon terminate and be of no further effect (without in any way affecting the validity or operation of the Collective Bargaining Agreement), except for the purposes set forth in Section 4(b) of this Article (termination of plan).

Section 3. Alternate Benefits

If any rulings or statutory amendments permitting Supplementation shall be repealed or revoked, the Company and the Union shall endeavor to negotiate an agreement establishing a plan for Alternate Benefits not inconsistent with the purposes of the Plan. Such agreement shall not apply to Employees who are ineligible to receive State System Benefits for any of the reasons stated in Section 1(b) of Article I (exceptions if State Benefit not paid) or who are eligible to receive benefits under Section 2 of Article I (Automatic Short Week). Such Employees, if otherwise eligible, may apply for and receive a Weekly Supplemental Benefit under the Plan.

Section 4. Amendment and Termination of the Plan

- (a) So long as any agreement between the Company and the Union providing for this Supplemental Unemployment Benefit Plan shall remain in effect, the Plan shall not be amended, modified, suspended, or terminated, except as may be proper or permissible under the terms of the Plan or such agreement.

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

- (b) Upon any termination of the Plan, the Plan shall terminate in all respects except that the assets then remaining in the Fund shall be used to pay expenses of administration and to pay Benefits to eligible Employees for a period of one year following termination, if not sooner exhausted.

The Plan provisions with respect to the effect of a low CUCB on the payment of Benefits shall not be applicable. At the expiration of the one year period, the parties shall endeavor to negotiate a program for the orderly disposition of the remaining assets of the Fund, if any, for employee benefits not inconsistent with the purposes of the Plan as stated in Section 1(a) of this Article.

ARTICLE IX DEFINITIONS

As used herein:

1. “Active Service” - An Employee is in active service in any pay period for which he (a) draws pay from the Company, or (b) is on leave of absence, as provided under the Collective Bargaining Agreement, and has Credit Units;
2. “Additional Company Contributions” shall be determined in accordance with Article VII, Section 5(c);
3. “Advance Credit Account” means an amount which is determined from time to time in accordance with Article VII, Section 5(b) to make additional contributions available in the event the Fund does not have sufficient assets to pay Regular Benefits;
4. “Alternate Benefit” means a benefit payable under a plan established pursuant to Section 3 of Article VIII of the Plan (see definition of “Benefit”);
5. “Automatic Short Week Benefit” means such weekly benefit as is payable under Article II, Section 2 of the Plan (see definition of “Benefit”);
6. “Bargaining Unit” means the units for collective bargaining purposes to which the Plan applies pursuant to an agreement between the Company and the Union;
7. “Base Hourly Rate” means
 - (a) With respect to a Regular Benefit or Separation Payment, the greater of:
 - (i) the highest straight-time hourly rate (exclusive of cost-of-living allowance) paid by the Company to the Employee while in a Bargaining Unit; and
 - (ii) his highest guaranteed hourly rate for purposes of any Income Security Benefits payable to him under the Collective Bargaining Agreement,

during the 181-day period ending with his last day of work in the Bargaining Unit;

- (b) With respect to an Automatic Short Week Benefit, the greater of:
 - (i) the highest straight-time hourly rate (exclusive of cost-of-living allowance) paid by the Company to the Employee while in a Bargaining Unit; and
 - (ii) his highest guaranteed hourly rate for purposes of any Income Security Benefits payable to him under the Collective Bargaining Agreement, during the Week in which the Short Workweek occurs;
 - (c) With respect to a Regular Benefit or Automatic Short Week Benefit, the Base Hourly Rate, as determined in paragraphs (a) or (b) above, shall be adjusted to reflect the amount of any general increase in basic hourly rates of pay which became or becomes effective pursuant to the Collective Bargaining Agreement after the day used to establish such Base Hourly Rate. In such event, the amount of general increase in basic hourly rates of pay to be used shall be the amount applicable to a rate equal to the Employee's unadjusted Base Hourly Rate determined as above provided. The adjusted Base Hourly Rate shall be effective with respect to Benefits which may be payable for periods on and after the day on which such general increase in basic hourly rates of pay became or becomes effective;
8. "Benefit" means a Regular Benefit, an Alternate Benefit, an Automatic Short Week Benefit, or any or all of these, as indicated by the context and, solely for the purpose of the Retirement Bonus set forth in Article XIV of the Labor Agreement, a Retirement Bonus:
- (a) "Alternate Benefit" means the Benefit payable to an eligible Employee in certain circumstances in a state which does not permit Supplementation;
 - (b) "Automatic Short Week Benefit" means the Benefit payable to an eligible Employee for a Short Workweek;
 - (c) "Regular Benefit" means the Benefit payable to an eligible Employee for a Week of Layoff in which he performed no work for an Employer;
 - (d) "Retirement Bonus" means the benefit payable to an eligible Employee under Article XIV of the Labor Agreement.
9. A "Benefit Week" is a Week with respect to which a Benefit is payable. After an individual, during a continuous period of layoff, has had a number of Benefit Weeks equal to the maximum number of Weeks for which State System Benefits may be paid to him under the applicable State System, any subsequent Benefit Week during the same period of layoff shall be deemed an "Additional Benefit Week". For this purpose, the

maximum number of Weeks under the State System shall be the maximum in effect at the close of the Benefit Week involved;

10. "Break in Seniority" means any break in or loss of Seniority pursuant to the Collective Bargaining Agreement;
11. "Collective Bargaining Agreement" means the agreement or agreements between the Company and the Union regarding terms and conditions of employment of Employees other than terms and conditions which are the subject of special supplemental agreements, such as pensions, insurance and supplemental unemployment benefits;
12. "Company" means Caterpillar Inc.;
13. "Compensated and/or Available Hours" for a Week shall include:
 - (a) all hours for which an Employee receives pay from the Company (including call-in pay, vacation pay, Christmas Bonus, report-in pay, holiday pay, paid absence allowance, jury duty and witness service pay, bereavement pay and temporary military service pay) with each hour paid at premium rates to be counted as one (1) hour; and
 - (b) all hours scheduled for or made available to the Employee by the Company but not worked by the Employee after reasonable notice has been given to the Employee (including any period on leave of absence); and
 - (c) all hours not worked by the Employee because of any of the reasons specified in Section 3(b)(ii) of Article I (Conditions With Respect to Layoff); and
 - (d) all hours not worked by the Employee which are in accordance with a written agreement between the Company and the Union or which are attributable to absenteeism of other Employees; and
 - (e) with respect to an Employee on an irregular or alternative work schedule or an Employee on a three twelve-hour day work schedule under the Collective Bargaining Agreement, the number of hours by which forty (40) hours exceeds the number of hours for which he would normally be scheduled for such Week; provided, however, that in no event will Compensated and/or Available Hours be duplicated for the same period of time within such week.
 - (f) with respect to an Employee on a flexible work schedule as provided under the Agreement, the number of hours that the Employee is scheduled to work for such Week that exceed the number of hours counted under (a) above for such Week; provided, however, that in no event will Compensated and/or Available Hours be duplicated for the same period of time within such Week.
14. "Credit Unit" means a unit, or fraction thereof, credited to an Employee under the Plan;

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15. "CUCB" means the Credit Unit Cancellation Base as determined under Section 3 of Article VII;
16. "Dependent" means a spouse or a person recognized as a dependent under the Internal Revenue Code for establishing the Employee's withholding tax exemptions;
17. "Employee" means a regular full-time hourly-rated Employee in a Bargaining Unit, who on April 30, 1999 was employed in the Maximum Opportunity Group (MOG) and has not since suffered a Break in Seniority.
18. "Fund" means, unless otherwise expressly provided to the contrary, the total assets of the Trust or Funds; and
19. "Guaranteed Benefit Account" means an amount which is determined from time to time in accordance with Article VII, Section 5(d)(ii);
20. "Plan" means the amended Supplemental Unemployment Benefit Plan as set forth in this Exhibit A; and Predecessor Plan means each Supplemental Unemployment Benefit Plan that was in effect (under any Collective Bargaining Agreement) before the Effective Date;
21. "Plant" means an establishment in or out of which Employees in a Bargaining Unit work;
22. "Regular Benefit" means such weekly benefit as is payable under Section 1(a) of Article II (see definition of "Benefit");
23. "Seniority" means seniority status under a Collective Bargaining Agreement;
24. "Separation Payment" means a lump sum amount payable to an eligible Employee under the provisions of Article IV;
25. A "Short Workweek" is a Workweek during some part of which an Employee performs some work for the Company and for which his Compensated and/or Available Hours are less than forty (40) hours;
26. "State System" means any system or program established pursuant to any state or federal law for paying benefits to persons on account of their unemployment under which an individual's eligibility for benefit payments is not determined by application of a "means" or "disability" test, including any such system or program, established for the primary purpose of education or vocational training, which provides for subsistence allowance or benefits to individuals not employed while undergoing such training;
27. "State System Benefit" means a benefit payable under a State System, including any dependency allowances and training allowances (excluding any allowance for transportation, subsistence, equipment or other cost of training). For purposes of the Plan, if an Employee receives a workers' compensation benefit while working full time and an increased workers compensation benefit while on layoff from the Company, he will be considered to have received a State System Benefit to the extent of the increase;

28. "Supplementation" means recognition of the right of a person to receive both a State System Benefit and a Weekly Supplemental Benefit under the Plan for the same Week of Layoff at approximately the same time and without reduction of the State System Benefit because of the payment of the Weekly Supplemental Benefit under the Plan;
29. "Trustee" means the trustee or trustees of the Fund or funds established under the Plan;
30. "Union" means International Association of Machinists and Aerospace Workers, AFL-CIO, and Local Lodge No. 851;
31. "Week" when used in connection with a period of layoff means:
 - (a) a period of layoff equivalent to a Workweek; or
 - (b)
 - (i) with respect to a Regular Benefit, a Workweek for which the total pay for all of the hours made available to the Employee by the Company during such Week shall be less than 95% of his Weekly After Tax Straight-Time Pay, minus \$24.50 to take into account work-related expenses not incurred, calculated in accordance with Section 1(a) of Article II (amount of benefit), and
 - (ii) with respect to an Automatic Short Week Benefit, a Workweek during which the Compensated and/or Available Hours total less than forty (40).

"Week of Layoff" shall include any such Week; provided, however, that if there is a difference between the starting time of a Workweek and of a week under an applicable State System, the Workweek shall be paired with the week under the State System which corresponds most closely thereto in time; and provided further that if an Employee is ineligible for a State System Benefit because of any of the reasons, except for item (iii), set forth in Section 1(b) of Article I (exceptions if State Benefits not paid), for the entire continuous period of layoff, the week under the State System shall mean the seven-day period which coincides with the Workweek, and if an Employee becomes ineligible for a State System Benefit because of the aforementioned reasons during a continuous period of layoff the week under the State System shall continue to mean, for the duration of the layoff period during which he remains so ineligible for a State System Benefit, the seven-day period for which a State System Benefit was last paid to the Employee during such continuous period of layoff.

Each Week within a continuous period of layoff does not constitute a new or separate layoff. Notwithstanding the foregoing provisions of this definition, if an Employee is ineligible for a State System Benefit because of the reason set forth in Section 1(b)(iii) of Article I (exceptions if State Benefits not paid), the week under the State System shall mean the seven-day period which would have been used by the applicable State System if the Employee has applied for a State System Benefit on the first day of partial or full layoff in the Workweek and had been eligible otherwise for such State System Benefit;

32. "Weekly After Tax Straight-Time Pay" means Weekly Straight-Time Pay reduced by the sum of all federal and state taxes and contributions which would be required to be

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withheld from such Weekly Straight-Time Pay if the Employee had been working, based upon the actual number of Dependents who qualify for the Week for dependency tax status under the Internal Revenue Code of 1986, as amended;

33. “Weekly Straight-Time Pay” means an amount equal to an Employee’s Base Hourly Rate (plus any applicable hourly cost-of-living allowance then in effect, but excluding all other premiums and bonuses of any kind) multiplied by forty (40);
34. “Weekly Supplemental Benefit” means a Regular Benefit payable under the Plan;
35. “Workweek” or “pay period” means a period commencing with the start of the regular third shift on Sunday and ending 168 hours thereafter, except as provided otherwise in the Collective Bargaining Agreement (whether to some or all Employees).

LETTERS OF AGREEMENT

Letter of Agreement No. 1

Re: Separated Disabled Employees

An employee who is separated at the expiration of a disability leave of absence at or after age 60 and who at that time is not eligible for a monthly pension or retirement benefit under any Employer-sponsored plan, and is also not eligible for total and permanent disability benefits under any Employer-sponsored group insurance plan, will, notwithstanding anything to the contrary in the Supplemental Unemployment Benefit Plan, receive Benefits or Separation Payments as provided by such Plan, if otherwise eligible, in the same amount and on the same basis as if he were on layoff or had applied for a Separation Payment under Article IV of the Plan.

Benefits and Separation Payments which become payable will be paid by the Employers. Employers' contributions required under Article VII of the Plan shall be reduced by any payment paid hereunder.

Letter of Agreement No. 2

Re: Procedure for Determining Availability for and Actively Seeking Work, or Working Elsewhere After Exhaustion of State System Benefits

This is to confirm our understanding concerning the procedure to be followed in determining availability for, and actively seeking, work, or working elsewhere after exhaustion of State System Benefits.

1. When a person is about to or has exhausted his State System Benefits, he will be called in to the Company's employment office and be advised of what is required of him while filing applications for Supplemental Unemployment Benefits (SUB) after exhaustion of State System Benefits.
2. He will be required to maintain an active registration for work with the State employment services.
3. He will be required to report any refusal of work or refusal of a referral to work. If he did refuse an offer of work or refused a referral to work, he will be required to give the reasons why he refused.
4. It will be proper for the employee to be called into the Company's employment office at reasonable intervals for discussion concerning his status. The "reasonable intervals" will depend upon the labor market conditions.
5. If at any time the Company knows of available work within the Company or elsewhere, it will be proper to refer the applicant when he reports to the Company to make application or to notify him by mail, if the available work is of a type that

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is suitable by reason of his training and experience to perform. He will be expected to do what a reasonable person would do to obtain work.

6. If the Company has reason to believe that the applicant is working elsewhere, he may be required to submit to the Company his Social Security record form furnished by the Social Security Administration, or other evidence that will enable the Company to determine if the applicant is or was working during weeks for which he has received or is applying for SUB.

Letter of Agreement No. 3

Re: Non-Allocation of Separation Pay

This will confirm that it is the Company's practice, subject to applicable law, to not designate the period to which separation payments, if any, payable to a laid-off employee may be allocated under applicable unemployment compensation law.

"Laid-off employee" shall have the meaning defined in Section 6.7 of the Collective Bargaining Agreement.

This letter shall not apply to a vacation payment as defined in the first sentence of Section 8.1 of said agreement.

Letter of Agreement No. 4

Re: Pregnancy

Notwithstanding any provisions of the Supplemental Unemployment Benefit Plan to the contrary, an Employee on a qualifying layoff who is ineligible for a State System Benefit for any Week solely because of the pregnancy provisions of the law of the applicable State System will, if otherwise eligible, be entitled to a Regular Benefit for such Week, subject to the following conditions:

Prior to the payment of a Regular Benefit for such Week, such Employee must:

- (a) Submit written evidence satisfactory to the Company of her ineligibility for a State System Benefit because of the pregnancy provisions of the law of the State System, and
- (b) With respect to such Week, file a written application in person and establish to the satisfaction of the Company that she is able and available for and seeking full-time work to the same extent as though she was receiving a State System Benefit.

Any term defined in the Plan and used in this letter has the same meaning in this letter as in the Plan.

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Letter of Agreement No. 5

Re: Temporary Layoff of Less than One Week

Notwithstanding any provision of the Plan to the contrary, for a Temporary Shutdown/Layoff of less than one week as defined in Section 6.9 of the Basic Agreement, the benefit payable, under Article II, Section 2 of this Plan and in accordance with the eligibility requirements of Article I, Section 2 of this Plan, to an eligible Employee will be equal to the product of the number by which forty (40) (or the number which is equal to the hours the Employee is normally scheduled to work during such Workweek for those Employees on an irregular or alternative work schedule) exceeds the actual number of his Compensated and/or Available Hours for such Week (with any fractional hour expressed as a decimal to the nearest tenth), multiplied by 80% of his Base Hourly Rate including the cost of living allowance then in effect but excluding any premium or bonus of any other kind.