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SUPPLEMENTAL AGREEMENT
RELATING TO NON-CONTRIBUTORY PENSION 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:

WHEREAS, the parties hereto have agreed to modifications of the pension agreement which was in force between them on April 30, 2005;

NOW, THEREFORE, IT IS AGREED as follows:

Section 1. Applicability to Pension Plan

As of May 2, 2005, this supplemental agreement relating to non-contributory pension plan, together with the pension plan attached hereto as Exhibit A, shall, with respect to employees, amend and replace the pension agreement in force between the parties hereto on April 30, 2005, and the non-contributory pension plan attached to such agreement (such non-contributory pension plan, or any predecessor to that plan, being referred to below as a "predecessor plan").

Section 2. Definitions

When used herein -

- (a) "Pension Plan" means the Non-Contributory Pension Plan, as set forth in Exhibit A attached hereto and made a part hereof, as further modified in accordance with this supplemental agreement, including any revisions of the Pension Plan made pursuant to Section 6 hereof.
- (b) "Bargaining unit" means the unit for collective bargaining purposes covered by certification of the National Labor Relations Board dated May 18, 1951, in Case No. 13-RC-1925.
- (c) "Employee" means any person in a bargaining unit covered by this agreement who was actively employed by the Company prior to the Effective Date of this agreement.
- (d) "Basic Agreement" means the agreement between the Company and the Union covering terms and conditions of employment of employees (other than terms and conditions which are the subject of special supplemental agreements such as pensions, group insurance and supplemental unemployment benefits).
- (e) "Employer" means the Company, or any subsidiary of the Company that has adopted the Pension Plan.

PROPOSAL 3

- (f) “Continuity of Service” means continuity of service as described in subsection 7.2 of the Pension Plan.

Section 3. Modifications or Additions to Plan

The provisions of the Pension Plan shall be made available and shall apply to employees with the following modifications or additions:

- (a) The “wage related supplement table” for purposes of the Pension Plan, as applied to employees who are covered by this supplemental agreement shall be as set forth in Exhibit B attached to this agreement.

Section 4. Pension Increases and Other Benefit Improvements for Retirees and Survivors

- (a) Except as otherwise provided below in this Section 4, this supplemental agreement shall neither enlarge nor diminish the rights of any former employee who retired or incurred a break in Continuity of Service before May 2, 2005, or the rights of his or her spouse as such.
- (b) The terms of Subsection 5.10 (Benefits and Age Sixty-Two) of the Pension Plan have been added to the provisions of the predecessor plan applicable to any retired employee who attains age sixty-two years on or after February 1, 1983; provided that such terms shall be appropriately modified to the extent necessary to correctly cross-reference to other provisions of such predecessor plan.
- (c) The amendments included in the predecessor plan attached to the Supplemental Agreement dated September 1, 1986 and pertaining to subsections 5.4 (Reduction for RIP, Early Retirement and Survivor Protection), 5.8 (Amount Payable-Deferred Pension), 6.7(Qualified Preretirement Survivor Annuity (“QPSA”) Pursuant to Retirement Equity Act of 1984), and paragraph 7.4(b) (Service Credit for Disability Leave) have been added to the provisions of the predecessor plans in effect on and after December 1, provided that the terms of such subsections shall be
 - (i) appropriately modified to the extent necessary to correctly cross-reference to other provisions of such predecessor plans including but not limited to modification of such terms to reflect the dollar amount under the applicable predecessor plan by which an employee’s credited service is multiplied in order to determine the amount of his pension or, because of the application of this paragraph, of his survivor’s benefits, and
 - (ii) applicable only to a former employee who suffered a break in Continuity of Service prior to August 1, 1986, had at least one hour of credited service credited to him on or after December 1, 1976 under a predecessor plan and as of August 23, 1984 was alive and had not begun to receive deferred pension payments;

and provided further that if a former employee suffered a break in Continuity of Service prior to August 23, 1984, then for purposes of subsection 6.7 of the predecessor plan the term "employee" shall include him and the provisions of such subsection 6.7 shall apply to him except that he need not have an hour of credited service under the predecessor plan on or after August 23, 1984.

- (d) Effective January 1, 1985, the amendments made in subsections 6.4 (Election to Waive Surviving Spouse's Benefit), 11.2 (Spendthrift Clause), and 11.8 (Qualified Domestic Relations Orders) of the Pension Plan shall be added to the provisions of predecessor plans covering former employees.
- (e) Effective August 23, 1984, the amendments made in subsections 14(a) and (h) of the Supplemental Agreement dated September 30, 1986 shall be added to the Supplemental Agreement Relating to Non-Contributory Pension Plan dated May 22, 1983.
- (f) Eligible individuals who retired prior to May 1, 2005 under Section 4.1(a), (b), or (c), shall, in any qualifying month also be entitled to receive from the Plan an additional payment. The amount of each payment shall equal (A) \$750, in the case of an employee who retired with thirty or more years of credited service, (B) the product of (i)\$25.00 multiplied by (ii) the retiree's years of credited service (with a proportionate amount for fractional years and a minimum payment of \$250.00), in the case of an employee who retired with less than thirty years of service, and (C) fifty-five percent of the amount that would have been payable to the retired employee under this paragraph (had he survived), in the case of a surviving spouse. The "qualifying months" shall be July 2006, July 2007 and July 2008.
- (g) Except as otherwise expressly provided in this Section 4, in all other respects the terms and provisions of any predecessor plan which otherwise would apply to any monthly pension payment shall continue to apply to any increased monthly pension payment which is payable because of the provisions of this Section 4.
- (h) Section 5.12 (Deferred Pension Payment) shall be applicable to former employees under predecessor plans or surviving spouses of such employees.

Section 5. Compliance With Federal and State Regulations and Future Legislation

The provisions of Sections 1, 2, 3 and 4 of this pension agreement are subject to the following conditions:

- (a) The issuance of a determination letter by the District Director of Internal Revenue to the effect that the Pension Plan meets the requirements of Section 401 of the Internal Revenue Code of 1986, or any section of the Internal Revenue Code which amends, supersedes, or supplements said section, and that any trust forming a part of the Pension Plan is exempt from income taxation under Section 501(a) of the Internal Revenue Code of 1986, or any section of the Internal Revenue Code

which amends, supersedes, or supplements said section. (The Company agrees to exert its best efforts, with due diligence, to obtain such determination letter.)

- (b) The continued deductibility of the Company's payments or contributions pursuant to said Pension Plan under Section 404 of said Internal Revenue Code of 1986, or any section of the Internal Revenue Code which amends, supersedes, or supplements such section.
- (c) Conformance of the Pension Plan with any applicable federal or state legislation or regulations which become effective following the date of this pension agreement.

Section 6. Union Dues Deduction

- (a) In accordance with the provisions of paragraph 11.2(b) of the Pension Plan, and to the extent permitted by federal and state laws and regulations, any retired employee entitled to receive a monthly pension payment may, pursuant to the retired employee's written authorization and direction to the trustee, in form acceptable to the Company, authorize the deduction of monthly union dues from any monthly pension payment or additional early retirement allowance otherwise payable to him and direct that such dues be remitted to the Union.
- (b) Any such authorization to deduct monthly union dues shall become effective as of the first of the second month following the month in which the Company receives such authorization from the Union and shall remain in full force and effect until revoked by the retired employee's written notice to the Company, except that during any period when there is not in effect a written collective bargaining agreement or supplement thereto between an employer and the Union which permits or provides for the deduction of union dues from monthly pension benefits payable to a retired employee, such assignment, authorization and direction, if otherwise in effect, shall automatically be suspended for the duration of such period only.
- (c) The Union shall indemnify and hold harmless the employers against any and all liability, including reasonable attorney fees, which may arise by reason of an employer's compliance with this Section 6.
- (d) This Section 6 shall be of no force or effect during any month for which less than two hundred fifty (250) such authorizations are in effect.

Section 7. Plan Revisions to Comply With Federal and State Regulations and Future Legislation

In the event that any revisions of the Pension Plan are necessary in order to obtain or maintain the determination letters specified in Section 5 or to bring the Pension Plan into conformity with any applicable federal or state legislation or regulations, the Company may make such revisions, with the agreement of the appropriate collective bargaining representative insofar as employees in the bargaining unit are concerned, adhering as

closely as possible to the intent of the parties as expressed in this Agreement (including all exhibits attached hereto); provided that any such revisions that may be made shall be made retroactively to the extent necessary to prevent the denial to the Company of any future or past tax deduction referred to in Section 5 or to bring the Pension Plan into conformity with any applicable federal or state legislation or regulations; provided, further, that no such revisions will result in any corresponding increase in benefits or eligibility for benefits under any group insurance or supplemental unemployment benefit plan of the Company.

Section 8. Extension of Plan to Persons Outside the Bargaining Units

The Company, in its discretion, may extend the Pension Plan to persons now or hereafter in its employ outside the bargaining unit, and may include any such persons within the coverage of any trust established, or of any contract obtained from an insurance company, pursuant to said Pension Plan for the benefit of employees within the bargaining unit with such modifications as it may see fit, provided they do not apply to employees in the bargaining unit.

Section 9. Complete Agreement Not Subject to Strike

During the term of this Agreement neither the Union nor any of its officers, agents or representatives, nor any of the employees or their agents or representatives, shall engage or continue to engage in or in any manner sanction or encourage any strike, work stoppage, slowdown, or other interruption or impeding of work, or engage or continue to engage in any other use of economic force, for the purpose of securing any modification, change or termination of this Agreement or of the Pension Plan, or for the purpose of securing the establishment of any new, different or additional plans for retirement or retirement income, pensions, disability pensions, or other welfare plans (other than group insurance and supplemental unemployment benefits of a character similar to those provided for in other agreements between the Company and the Union) for the benefit of employees or their dependents. During the term of this Agreement, the Company shall have no obligation to negotiate or bargain with the Union or with the employees or any other representative of the employees with respect to any of the subject matters of this Agreement (except as otherwise expressly provided herein), the right to bargain with respect to any such matters being expressly waived.

Section 10. Exclusive Plan

The Pension Plan shall be the exclusive plan for retirement or retirement income, pensions, disability pensions, or other welfare benefits for employees and their dependents, to be provided by the Company, in whole or in part, except such group insurance and supplemental unemployment benefits as may be provided for in other agreements between the Company and the Union, and except such rights as may exist under any other plan of the Company providing retirement income.

Section 11. Non-applicability of Grievance Procedure

No matter or dispute respecting, or arising under, the Pension Plan or this Agreement shall be subject to any grievance procedure established in any collective bargaining agreement between the Company and any collective bargaining representative.

Section 12. Claim Procedure

- (a) There shall be a Board of Administration (herein called the "Board"), composed of six members, three appointed by the Company and three by the Union, which, together with any local committees established pursuant hereto, shall act as herein provided. Each member of the Board may have an alternate. Except as otherwise expressly provided in this Section 12, the expenses of the Board or any local committee shall be paid by the Company. The compensation and expenses of each member or alternate (other than the Chairman) shall be paid by the party appointing him, and the compensation and expenses of the Chairman shall be shared equally by the Company and the Union. In the event a member is absent from a meeting of the Board, an alternate may attend, and, when in attendance, shall exercise the powers and perform the duties of such member. Either the Company or the Union may, at any time, remove a member or alternate appointed by it and may appoint a member or alternate to fill any vacancy among members or alternates appointed by it. The Company and the Union shall notify the other, in writing, of any appointment by it, and no such appointment shall become effective prior to the giving of such notice.

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 person to act as Chairman, who shall serve until requested to resign by any three members of the Board. The Chairman shall not be counted for the purpose of a quorum and will be present and will vote only in case of failure of the Company and the Union by vote through their representatives on the Board to agree upon a matter which is properly before the Board and within the Board's authority to determine. In the event of the inability of the members of the Board to agree upon a Chairman within a period of 30 days after it is determined that a Chairman should be appointed, or to agree upon the appointment of any successor Chairman within a like period of 30 days, the Board shall ask the American Arbitration Association to furnish a suggested list of names of five persons, from which list the Board shall select one 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 such group has eliminated the names of two persons from said list, the remaining one shall be appointed by the Board as Chairman.

To constitute a quorum of the Board at any meeting, there shall be required to be present at least two Union members and two Company members. At all meetings, the Company members present shall have a total of three votes, and the Union

members present shall have a total of three votes, the vote of any absent member being divided equally between the members present appointed by the same party.

The Company will furnish a Secretary to the Board who shall not be a Board member and shall have no right to vote.

The Secretary shall:

- (i) Receive, on behalf of the Board, appeals from any local committee and requests for hearing pursuant to paragraph (c) of this Section from employees, retired employees, any employer and the Union (all of which appeals and requests shall be filed with the Secretary) and present the same to the Board at such time and in such manner as the Board may direct, together with such additional information relating thereto as may be directed by the Board.
- (ii) Authorize the making of payments as directed by the Board pursuant to any final disposition of any case by the Board.

The Board shall meet at such times as the Board shall determine. The Company will furnish a meeting place.

There shall be no appeal from any ruling by the Board which is within its authority. Each such ruling shall be final and binding on the collective bargaining representatives, on the employee or retired employee involved, any other person claiming benefits under the plan, the local committee involved and the employers. No ruling of the Board in one case nor any initial determination by any local committee in one case shall create a basis for retroactive adjustment in any other case. The collective bargaining representatives will discourage any attempt of their respective members and any other persons, and will not encourage or cooperate with any of its members and any other persons, in any appeal to any court or administrative board or agency from a ruling of the Board.

The Board, its Chairman, and each member of the Board and each local committee and each member thereof shall be entitled to rely upon the correctness of any information furnished by the Union, any collective bargaining representative, or any employer. Except to the extent otherwise expressly provided by law, neither the Board, its Chairman, nor any of its members or Secretary, nor the Union, any collective bargaining representative, nor any officer or other representative of the Union or any collective bargaining representative, nor any employer, nor any officer or other representative of an employer, nor any local committee or member thereof, shall be liable or responsible for any act, or failure to act, on the part of any other person or organization, provided that nothing herein shall be deemed to relieve any person or organization from liability for his or its own fraud or bad faith.

- (b) The Board shall have the following functions:
- (i) To hear, and make final determinations with respect to, appeals by employees and other persons claiming benefits under the Pension Plan regarding matters decided adversely to them by any local committee and to make final determinations with respect to any matter upon which the local committee fails to agree, provided that any such appeal or failure on the part of any local committee to resolve any matter is referred to the Board within 30 days following the determination by the local committee, or its failure to agree, as the case may be.
 - (ii) To develop a list of approved physicians, each of whom shall be licensed to practice medicine and a member of a medical society, and to develop a list of approved clinics, from which the Board shall select from time to time the physician and/or clinic to be employed for the purpose of resolving a disputed claim as to the existence of total and permanent disability, the fees and expenses for any such physicians and for any clinic examinations to be shared equally by the Company and the Union.
 - (iii) To obtain from the Company, from any collective bargaining representative, and from any employee such information as may be necessary to make a final determination.

Whenever a dispute arises as to whether an employee or a retired employee is or continues to be totally and permanently disabled, the Board shall appoint a physician or clinic in accordance with clause (ii) of this paragraph (b) to examine or re-examine such employee or retired employee (which re-examinations shall not occur more frequently than twice a year) and render a medical opinion concerning the totality and permanence of his disability, which medical opinion shall be binding upon the Board. The fees and expenses of any such examination or re-examination shall be shared by the Company and the Union as provided in clause (ii) of this paragraph (b).

- (c) The Board shall provide for a local committee for each bargaining unit covered by this agreement. The local committee shall be composed of two members or their alternates designated by the Company members of the Board and two members or their alternates designated by the Union members of the Board. Either the Company or the Union members of the Board may remove a local committee member appointed by them and fill any vacancy among the local committee members appointed by them. The employers will furnish a secretary of each local committee who shall not be a committee member and shall have no right to vote on matters with respect to which a local committee is empowered to act. Each local committee shall have the following functions:
- (i) In regard to employees in the bargaining unit for which such local committee was appointed, to consider determinations as to

- (1) the employee's or deceased employee's number of years of credited service,
- (2) his age, and
- (3) the amount of monthly pension payable to him,

and to approve such corrections as the local committee may find necessary.

- (ii) To refer to the Board any matter presented to the local committee with respect to which it is unable to agree and to notify the Secretary of the Board with respect to any matters regarding which the local committee is authorized to act and with respect to which there is no disagreement among the local committee members.
- (iii) To notify any employee involved with respect to any action taken by the Board involving him.

Upon the filing with any local committee of an application for benefits under the Pension Plan, such local committee shall consider such application, together with such records and other data as may be appropriate, and shall make such determinations as may be proper with respect to the applicant's right to benefits under the Pension Plan and the amount of such benefits, and from time to time thereafter shall make such additional determination with respect to such matters as may be appropriate. Each applicant and pensioner with respect to whom the committee makes any such determination shall be promptly notified of the determination and shall be entitled, if he so requests, with reasonable promptness, to present to the local committee involved any reasons which he may have for believing that the determination is incorrect, and to have the committee make a determination with respect to such reasons.

Section 13. Creditable Service for Union Leaves

In computing the number of years of credited service of a duly elected or appointed representative of employees, for periods after December 1, 1950, there shall be included leave of absence from work due solely to attendance at labor contract negotiation meetings with the Company or attendance at official meetings of the Local Union at the plant or establishment at which he is employed for periods of union leave prior to May 1, 2009, but not thereafter, due solely to performance (pursuant to written leave of absence requested by the Local Union) of other duties either as a Local Union representative at such plant or establishment. In addition, there shall be included periods of leaves of absence while holding a position on the staff of the International Union (pursuant to written leave of absence requested by the International Union) for any period of leave before May 1, 1999. For any period of such leave on or after May 1, 1999, credited service will be provided because the Union pays the applicable costs and satisfies the conditions described in Letter of Agreement No. 6 of the Pension Plan and, with respect to any such duly elected or appointed representative who is not re-employed by the

Company following the termination of the last leave of absence referred to herein, paragraph 8.2(b) of the Pension Plan will be disregarded.

Section 14. Withdrawal of Employee Contributions from Equitable

As of December 1 of any year, an employee may withdraw an amount equal to the sum of his own contributions made under group Annuity Contract No. AC 654 issued by The Equitable Life Assurance Society of the United States and not previously withdrawn, plus interest up to the effective date of the withdrawal (such amount hereinafter referred to as "Cash Withdrawal Value"), provided that (unless otherwise waived by the Company) at least thirty days' prior written notice of such withdrawal shall have been given to the Company, and provided further that in such event the entire Cash Withdrawal Value (including such part thereof, if any, as may be attributable to contributions with respect to which his status is that of a former member under the Contributory Retirement Income Plan of the Company) must be withdrawn. Effective as of the first day of the month in which a termination of employment with the Company occurs, an employee also may elect to withdraw his Cash Withdrawal Value. Such a withdrawal of an employee's Cash Withdrawal Value in accordance with the foregoing sentences shall cause a cancellation of any retirement income under said Group Annuity Contract No. AC 654 which is attributable to the employee's contributions, and in addition will cause a cancellation of any retirement income provided for the employee by the Company's contributions which are held under said Group Annuity Contract No. AC 654.

Section 15. Special Early Retirement Benefits in the Event of a Plant Closing

- (a) Notwithstanding anything contained in the Pension Plan to the contrary, an employee who is laid off from a facility or part of a facility of the Company which is being closed as a result of a Plant Closing at that facility, appears to have no further opportunity for employment with the Company, is notified by the Company that his layoff is permanent, whose job is being eliminated as a result of such Plant Closing and who is not receiving a pension pursuant to paragraph 4.1(d) (Disability Retirement) of the Pension Plan may retire pursuant to paragraph 4.1(c) (Mutually Satisfactory Retirement) of the Pension Plan on the first day of any month following the date on which such permanent layoff occurs if:
- (i) on his eligibility date, as defined in paragraph (b) below, he possesses at least 10 years of credited service and has attained his fiftieth birthday;
 - (ii) he files with the Company, before his sixty-second birthday, a written application for such retirement; and
 - (iii) he has not claimed and does not claim a Separation Payment which would otherwise be payable under any supplemental unemployment benefit plan of the Company.

Payment of special early retirement benefits to an employee shall commence on his retirement date in accordance with the above requirements unless he has begun or begins to receive a pension pursuant to paragraph 4.1(a) (Normal Retirement) or 4.1(b) (Early Retirement) of the Pension Plan, in which case his eligibility for a pension pursuant to this Section 14 shall terminate immediately and permanently. Such an employee who meets the above eligibility requirements (hereinafter referred to as a “special early retiree”) shall retire under the terms of the Pension Plan or predecessor plan in effect for him on his permanent layoff date, as modified by and in accordance with the provisions of this Section 14. Except as provided in paragraph (h) below, the provisions of this Section 14 shall neither enlarge nor diminish the rights of any employee, or of the spouse of any employee, pursuant to Section 6 (Survivor’s Benefit) of the Pension Plan. As used in this Section 14, the term “Plant Closing” means a “Complete Plant Closing” as that term is defined in the Basic Agreement.

(b) Eligibility Date

An employee’s eligibility date for purposes of this Section 14 shall be the later of (1) the date on which his permanent layoff occurs and (2) the first day of the first week for which he does not receive benefits under any supplemental unemployment benefit plan of the Company; provided, however, that such eligibility date shall not be later than the expiration of the period of time equal to the maximum number of weeks for which he is eligible to receive benefits based on the number of Special Credit Units first credited to him under any supplemental unemployment benefit plan of the Company.

(c) Amount Payable

Subject to the other provisions of this Section 14, a special early retiree shall be eligible to receive the monthly basic pension, supplemental pension and temporary pension benefits under paragraph 5.1(b) (Amount Payable-Mutually Satisfactory Retirement) of the Pension Plan or predecessor plan in effect for him on his permanent layoff date.

(d) Re-employment of Special Early Retiree

Upon the full-time regular re-employment by the Company of a special early retiree, and for any month commencing on or after the date of such re-employment during which such retiree continues to be so re-employed and ending prior to the first day of the month following termination of such re-employment (hereinafter referred to as a “suspension month”):

- (i) such retiree’s eligibility and right to receive a pension pursuant to this Section 14 shall be suspended as of the end of the month in which such re-employment occurs and during any such suspension month; and
- (ii) if pension payments under the Pension Plan pursuant to this Section 14 have been made for any suspension month (hereinafter referred to as an

“overpayment”), there shall be deducted from any future payment under the Pension Plan payable to such re-employed retiree or his spouse an amount not exceeding twenty-five percent (25%) of such future payment or payments until the amount of overpayment has been recovered by the Pension Plan;

provided, however, that any pension which would, in the absence of this Section 14, otherwise have been payable to such retiree due to his eligibility for such pension pursuant to paragraph 4.1(a) (Normal Retirement) or 4.1(b) (Early Retirement) of the plan in effect for him at the time he retired under this Section 14, or, if applicable, the availability of the surviving spouse’s benefit which corresponds to such pension, shall not be suspended.

(e) Effect of Termination of Re-employment of Special Early Retiree

In the case of termination of re-employment with the Company of a special early retiree:

- (i) upon the first day of the month following termination of such re-employment and his filing of any reapplication forms which are determined by the Company to be necessary, such retiree’s pension, or that portion thereof, which was suspended in accordance with paragraph (d) above, shall be resumed, except that the monthly amounts of his basic, supplemental and temporary pension benefits which were suspended shall be increased respectively by the additional monthly amount, if any, which he would have received (based upon those factors that otherwise would have applied to him) had he, in the absence of re-employment, continued without interruption to receive a pension pursuant to this Section 14; and
- (ii) any credited service which he accumulates due to such re-employment (hereinafter referred to as “additional credited service”), beginning with the month after the month in which such re-employment occurs and ending with the month in which such re-employment terminates, shall be credited to him separately and shall be used to determine an additional pension amount which shall be payable
 - (A) in such amount as shall be determined under the plan in effect for him at the time such re-employment terminates, and
 - (B) as either a regular pension or a deferred pension, depending on his age on the date such re-employment terminates and the total of his additional credited service and the amount of credited service which shall have been credited to him when he first received a pension pursuant to this Section 14.

Such retiree's additional credited service date shall be his original date of such re-employment with the Company and his additional credited service shall be computed in accordance with Section 7 (Computation of Credited Service) of the Pension Plan by substituting "additional credited service date" for "credited service date" wherever the latter appears in such section.

(f) Special Provisions for Certain Disabled Employees

With respect to an employee who, on his permanent layoff date, is on disability leave of absence (i.e., an employee will be permanently laid off on that date even though he is on disability leave of absence pursuant to applicable terms of the Basic Agreement) and who meets, subject to the provisions of this paragraph (f), the eligibility requirements of paragraph (a) above:

- (i) his eligibility for, and the amount of, a pension pursuant to this Section 14 shall be determined as of his permanent layoff date;
- (ii) he shall file his application and retire in the manner specified in paragraph (a) above before the first to occur of A) his special early retirement date, as selected by him, B) his sixty-second birthday, and C) the date on which such disability leave of absence would have expired had he remained disabled and not filed such application; provided, however, that before the commencement of special early retirement benefits he shall have the option of electing, in lieu of special early retirement benefits, to receive a pension pursuant to paragraph 4.1(a) (Normal Retirement), 4.1(b) (Early Retirement) or paragraph 4.1(d) (Disability Retirement) in accordance with the provisions of the Pension Plan which shall be applied to him as if he had never elected to become a special early retiree pursuant to this Section 14; and
- (iii) if such employee begins to receive a pension pursuant to paragraph 4.1(a), 4.1(b) or 4.1(d) of the Pension Plan, then his eligibility for a pension pursuant to this Section 14 shall terminate immediately and permanently.

(g) Special Provisions for Certain Re-employed Employees

With respect to an employee who on his eligibility date possesses at least 10 years of credited service and has attained his fiftieth birthday, who has not retired nor filed an application pursuant to subparagraph (a)(ii) above but who otherwise meets the eligibility requirements of paragraph (a) above, and who is re-employed by the Company:

- (i) his additional credited service shall be accumulated in accordance with the provisions of subparagraph (e)(ii) above; and
- (ii) upon his retirement, he shall receive retirement benefits in accordance with paragraph (c) above as adjusted by subparagraphs (e)(i) and (ii)

above as if he were a reemployed special early retiree except that if such employee's total credited service under the Pension Plan and this Section 14 would, under the terms of the plan in effect for him at such retirement, produce a greater amount of retirement benefits for any month than those determined under this paragraph (g)(ii), then such greater amount of benefits shall be payable to him for any such month.

(h) Joint and Survivor Annuity Pursuant to the Retirement Equity Act of 1984

The surviving spouse of an employee who as of the date of his death has met all eligibility requirements for special early retirement benefits under paragraph (a) of this Section 14 (except for the requirement of filing an application) and who was not eligible for survivor benefit protection under subsection 6.1 of the Pension Plan or any other pension plan of the Company or any of its subsidiaries shall be entitled to a QPSA pursuant to subsection 6.6 of the Pension Plan, except that (A) instead of calculating such QPSA as if the employee's monthly pension were a deferred pension, such QPSA shall be determined by taking into account the employee's monthly basic and supplemental pension which would have been payable to him (had he survived) under clauses 5.1(b)(i) and (ii) of the Pension Plan in effect for him on his permanent layoff date, and (B) such QPSA shall commence on the first day of the month following the month in which such employee dies. In all other respects, the provisions of such subsection 6.6 and related provisions of the Pension Plan shall apply to such entitlement to such QPSA and to the amount, if any, of special early retirement benefits payable to any such employee.

Section 16. Term of Agreement; Notice to Modify or Terminate

- (a) Subject to subparagraph (b), this Agreement shall be effective May 2, 2005 and shall remain in force through April 30, 2012, and thereafter from April 30, of one year through April 30 of the next succeeding year, unless at least 60 (but not more than 90) days prior to April 30, 2012, or at least 60 (but not more than 90) days prior to April 30 of any succeeding year, any party gives written notice to the other that it desires a modification or termination. In the event that any negotiations following such notice do not result in an agreement for renewal, with or without modification, prior to the April 30 next succeeding such notice, this Agreement shall terminate at the end of any term (including any one-year extension in accordance with the foregoing) unless further extended by mutual agreement. Termination of this Agreement shall not have the effect of automatically terminating the Pension Plan. Nothing in this Agreement shall change or modify the bargaining unit to which the recognition of the Union has been extended by the Company as set forth in the Basic Agreement.
- (b) If at any time the determination letter referred to in Section 5 ceases to be in effect, the Company (unless revisions made pursuant to Section 6 result in the complete reinstatement of such determination letter) may terminate this Agreement by giving at least 60 (but not more than 90) days' written notice

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thereof to the Union (which notice shall specify the effective date of the termination). In the event any such notice of termination is given, the parties shall meet for the purpose of negotiating regarding the matters covered hereby not less than 30 nor more than 60 days prior to the termination date specified in such notice.

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

MEMORANDUM OF AGREEMENT RELATING TO
IMPLEMENTATION OF NON-CONTRIBUTORY PENSION PLAN

The Company and the Union agree that the following modifications to the Supplemental Agreement effective May 2, 2005 (the "Current Agreement") and the Company's Non-Contributory Pension Plan (the "Current Plan") that is an Exhibit to the Current Agreement are necessary to accomplish the transition of eligible employees and their dependents to the Current Plan.

Notwithstanding any provision of the Current Agreement or the Current Plan:

1. The Current Plan shall become effective on a date selected by the Company in its sole discretion (the "Transition Date") that is not more than ninety days after ratification of the Basic Agreement and that is consistent with the Transition Date under the Memorandum of Agreement Relating to Implementation of Tax Deferred Savings Plan and Memorandum of Agreement Relating to Implementation of Tax Deferred Retirement Plan.
2. The Supplemental Agreement dated as of April 30, 1999 (the "Prior Agreement"), and the Non-Contributory Pension Plan that is an Exhibit thereto, shall remain in effect until the Transition Date, for the individuals who are covered by such Plan immediately before the date of the Current Agreement.
3. Notwithstanding the foregoing, subsection 3(b) of the Prior Agreement shall cease to be effective as of May 2, 2005.
4. The Company and the Union further agree and acknowledge that this Memorandum of Agreement will expire upon its terms and have no further force and effect as of the Transition Date.

EXHIBIT A
PENSION PLAN

Section 1. Introduction

- 1.1 This plan, as applied to employees covered thereby, amends and supersedes any predecessor plan which covered such employees, to the extent that such plan is inconsistent with this plan.

Section 2. Type of Plan

- 2.1 The plan is non-contributory, and employees are not required to make any financial contribution thereto.

Section 3. Definitions

The terms defined below and in the succeeding sections of the Pension Plan, when used in the Pension Plan, shall have the meanings so defined, notwithstanding any different definition elsewhere in any document of which this may be a part.

- 3.1 “Company” means Caterpillar Inc., or any successor to it by merger, consolidation, reorganization or otherwise.
- 3.2 “Continuity of Service” means continuity of service as described in subsection 7.2 of the Pension Plan.
- 3.3 “Employer” means the Company, or any subsidiary of the Company that has adopted or adopts the plan.
- 3.4 “Effective date” of this plan, as respects any employee, means May 2, 2005.
- 3.5 “Predecessor plan” means any non-contributory pension plan of the employer as in effect for any period or periods prior to the Effective Date, but does not include the Retirement Income Plan.
- 3.6 “Employee” means any person who is a resident or citizen of the United States of America and who, prior to the Effective Date, was covered under the Pension Plan and is in the regular full-time employ of the employer, employed for work on the prevailing schedules of the department to which he is assigned, and included in a group to which the plan has been made available by a collective bargaining agreement or by an extension by the employer and includes any such person while absent from work under circumstances which do not break Continuity of Service as provided in subsection 7.2 (Service Continuity Breaks), but does not include a “retired employee,” “leased employee,” or “contract employee.” For purposes of the foregoing, (i) a person shall be considered a “leased employee” if such person is not employed by the employer but performs services for the employer pursuant to an agreement between the employer and a leasing organization, after such person performs such services for a 12-month period but only if

the services are under the employer's primary direction and control; and (ii) a person shall be considered a "contract employee" if such person is a common-law employee of the employer and is providing services to the employer pursuant to a contract or other arrangement between the employer and an unrelated organization. If a leased employee or a contract employee subsequently becomes an employee for purposes of the Plan, and thereafter participates in the Plan, then notwithstanding any provision of the Plan to the contrary, he shall be given service credit under the Plan, for vesting purposes only, for his period of employment as a leased employee or contract employee, except (in the case of a leased employee) to the extent that Section 414(n)(5) of the Internal Revenue Code was satisfied with respect to such employee while he was a leased employee. For all purposes of this Plan, an individual shall be an "employee" of or be "employed by" the employer for any period only if such individual is treated by the employer for such period as its employee for purposes of employment taxes and wage withholding for Federal income taxes, regardless of any subsequent reclassification by the employer, any governmental agency or court.

- 3.7 "Retired employee" means a person who is or has been retired from active service with the employer and who, when so retired, was included in the plan or a predecessor plan.
- 3.8 "Retirement Income Plan" means the Retirement Income Plan of the Company and certain of its subsidiaries, as amended from time to time, and any predecessor plan as defined therein.
- 3.9 "Social Security Act" means the Federal Social Security Act, as amended, or any future federal or state legislation which amends, supersedes, supplements, or incorporates the Social Security Act or the benefits thereunder.
- 3.10 "Transition" means moving from (i) employment by the Employer in a group to which the Plan has been made available by a collective bargaining agreement or by an extension by the Employer, to (ii) employment by the Employer or other subsidiary of the Company that is not in a group to which the Plan has been made available by a collective bargaining agreement or by an extension by the Employer.
- 3.11 "Wage related supplement table" means a table of factors from which the amount of monthly supplemental pension payable to an employee is determined, which table, as applied to any employee, will be appended to or included in any applicable collective bargaining agreement which incorporates this plan insofar as this plan applies to such employee.
- 3.12 "Basic pension" means the monthly pension payable to an employee under the plan exclusive of (1) any monthly supplemental pension which is payable to him pursuant to any wage related supplement table, (2) any monthly temporary pension which may be payable to him under subsection 5.1 (Amount Payable - Normal, Early or Mutually Satisfactory Retirement) or 5.2 (Amount Payable - Disability Retirement) of the plan for any month before he attains age sixty-two years and during which he is not eligible for unreduced benefits payable under the Federal Social Security Act, and (3) any additional

early retirement allowance which may be payable to him pursuant to Section 8 (Additional Early Retirement Allowance) of the plan.

- 3.13 “Normal retirement age” means the later of (i) the date on which the employee attains age sixty-five (65) years or (ii) the fifth anniversary of the date the employee commenced participation in the Plan.
- 3.14 “Total and Permanent Disability” and “Totally and Permanently Disabled” mean the Employee is not engaged in regular employment or an occupation for remuneration or profit (excluding employment or an occupation which is determined by the Company to be for purposes of rehabilitation) and if it is determined by the Company physician on the basis of medical evidence that (i) such Employee is totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any regular occupation or employment with the Employer, and (ii) that such disability will be permanent and continuous during the remainder of his life. In case of disagreement as to whether an Employee or Retired employee has become or continues to be totally and permanently disabled, such question shall be submitted to a physician appointed by the Employer and shall be finally decided by his opinion rendered after examination.

Section 4. Retirement

- 4.1 Retirement Dates. An employee’s “retirement date” shall be the one of the following which occurs on or after the Effective Date and on or as of which he retires:
- (a) An employee who possesses at least 10 years of credited service may retire on his “normal retirement date” (i.e., the first day of the month following his attainment of age sixty-two years) or on the first day of any month thereafter. An employee who shall have had at least one hour of credited service credited to him on or after December 1, 1989, who possesses at least 5 years of credited service or who has attained his normal retirement age may retire on the first day of the month in which he attains normal retirement age or the first day of any month thereafter. An employee who was also an employee under a predecessor plan and who could otherwise retire and receive a pension under the terms of that plan may retire under this plan upon fulfillment of those terms except that retirement following attainment of age seventy shall not be mandatory.
 - (b) An employee who either
 - (i) has attained his sixtieth birthday and possesses at least ten years of credited service; or
 - (ii) has attained his fifty-fifth birthday and whose combined number of years of age (computed to the nearest 1/12 year) and number of years of credited service total 85 or more; or
 - (iii) possesses thirty or more years of credited service;

may retire on the first day of any month after he meets the requirements of either (i), (ii) or (iii) of this paragraph 4.1(b) and before his normal retirement date if he has filed in advance of the selected retirement date a written application for retirement on that date; provided that such an employee may in his application for retirement elect to defer receipt of his pension until the first day of any month after such selected retirement date as he shall specify in his application (which date may not be later than the first day of the month next following his sixty-fifth birthday).

- (c) An employee may retire under conditions mutually satisfactory to the employee and the employer either
 - (i) on the first day of the month following attainment of his fiftieth birthday and prior to the first day of the month following his sixty-second birthday if at the time of such retirement he possesses at least 10 years of credited service; or
 - (ii) on the first day of any month if he then possesses 30 or more years of credited service;

provided, however, that a discharge for cause prior to age sixty-two years shall not be deemed a retirement under this paragraph.

- (d) An employee who, prior to retirement pursuant to the preceding provisions of this section, becomes totally and permanently disabled on or after the Effective Date and remains totally and permanently disabled for a continuous period of at least 12 months following the occurrence of the disability, and who, at the time such disability occurs, possesses ten or more years of credited service, shall retire as of the first of the month after the Company physician determines that such Employee is Totally and Permanently Disabled. Successive periods of absence which are not separated by at least forty-five (45) days which are due to the same disability as that upon which claim for total and permanent disability pension is based, and which aggregate at least 12 months will be considered the same as one continuous absence.

Section 5. Eligibility for and Amount of Pensions for Employees

5.1 Amount Payable - Normal, Early or Mutually Satisfactory Retirement. Subject to subsections 5.4 (Reductions for RIP, Early Retirement and Survivor Protection) and 6.1 (Surviving Spouse's Benefit) and unless covered by subsection 5.2 (Amount Payable - Disability Retirement), an employee who retires on or after the Effective Date, and who at the time of such retirement meets the requirements of subparagraphs 4.1(a), (b) or (c) (Retirement Dates), shall be eligible to receive whichever of the following is applicable:

- (a) If he retires pursuant to paragraph 4.1(a) (Normal Retirement) or 4.1(b) (Early Retirement):

- (i) a monthly basic pension for life in an amount equal to the monthly amount shown for that month in paragraph I of Exhibit C multiplied by the number of years of credited service possessed by him at the time of his retirement; plus
 - (ii) a monthly supplemental pension for life in an amount computed by multiplying the number of years of credited service possessed by him at the time of his retirement by an amount derived from the applicable wage related supplement table.
- (b) If he retires pursuant to paragraph 4.1(c) (Mutually Satisfactory Retirement):
- (i) a monthly basic pension for life in an amount equal to the monthly amount shown for that month in paragraph I of Exhibit C multiplied by the number of years of credited service possessed by him at the time of his retirement; plus
 - (ii) a monthly supplemental pension for life in an amount computed by multiplying the number of years of credited service possessed by him at the time of his retirement by an amount derived from the applicable wage related supplement table; plus
 - (iii) a monthly temporary pension equal to the monthly amount shown for that month in paragraph III of Exhibit C multiplied by the number of years of credited service (not to exceed 30 years) possessed by him at the time of his retirement except that for any month after he attains age sixty-two years or becomes eligible for an unreduced Old Age Insurance Benefit or a Disability Insurance Benefit under the Social Security Act this subclause (iii) shall not apply.
- (c) The first monthly payment of any pension under this subsection 5.1 shall be due for the month in which retirement occurs, and the last payment shall be due for the month in which the retired employee's death occurs, except that in the case of an employee who retires pursuant to paragraph 4.1(b) (Early Retirement) and who has elected to defer receipt of his pension, the first monthly payment of his pension shall be due for the month specified in accordance with paragraph 4.1(b), if he is then living, and the last payment shall be due for the month in which his death occurs.

5.2 Amount Payable - Disability Retirement. Subject to subsections 5.4 (Reductions for RIP, Early Retirement and Survivor Protection) and 6.1 (Surviving Spouse's Benefit), an employee who retires on or after the Effective Date pursuant to paragraph 4.1(d) (Disability Retirement) because of being totally and permanently disabled, and if such disability occurs after he possesses ten years of credited service, shall be eligible to receive a monthly pension in an amount equal to the sum of:

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- (a) a monthly basic pension for life in an amount equal to the monthly amount shown for that month in paragraph I of Exhibit C multiplied by the number of years of credited service possessed by him at the time of his retirement; plus
- (b) a monthly supplemental pension for life in an amount computed by multiplying the number of years of credited service possessed by him at the time of his retirement by an amount derived from the applicable wage related supplement table; plus
- (c) a monthly temporary pension equal to the monthly amount shown for that month in paragraph III of Exhibit C multiplied by the number of years of credited service possessed (not to exceed 30 years) by him at the time of his retirement except that for any month after he attains age sixty-two years or becomes eligible for an unreduced Old Age Insurance Benefit or a Disability Insurance Benefit under the Social Security Act this clause (c) shall not apply; provided, however, that if any such employee continues to be totally and permanently disabled until his sixty-fifth birthday, the monthly amount of pension payable to him for months commencing with the month following his sixty-fifth birthday will be recomputed in accordance with the foregoing, but using the number of years of credited service then possessed by him in accordance with the provisions of subsection 7.4 (Service Credit for Disability Retirement).

5.3 Eligibility for Unreduced Old Age or Disability Social Security. For the purposes of paragraph 5.1(b) (Amount Payable for Mutually Satisfactory Retirement) and subsection 5.2 (Amount Payable - Disability Retirement), a retired employee shall be considered as being eligible for an unreduced Old Age Insurance Benefit or a Disability Insurance Benefit under the Social Security Act, whether by reason of disability or otherwise, upon attainment of the qualifying age for unreduced benefits by reason of age or upon satisfying the eligibility requirements for a Disability Insurance Benefit under such Act, whichever occurs first, even though he does not qualify for such benefits through failure to make application therefor, or he disqualifies himself from being entitled thereto by any other act or failure to act.

5.4 Reductions for RIP, Early Retirement and Survivor Protection. The amounts otherwise payable to a retired employee pursuant to the foregoing provisions of this Section 5 (Eligibility for and Amount of Pensions for Employees) and subsection 5.6 (Re-employment Provisions Except for Former T & P Retirement) shall be reduced by such of the following as apply:

- (a) The retirement income, if any, under the Retirement Income Plan, for the month for which the deduction is being made, to which he is entitled, or (except in the case of retirement pursuant to paragraph 4.1(c) (Mutually Satisfactory Retirement) or 4.1(d) (Disability Retirement)) to which he would have been entitled had he duly elected to receive such retirement income beginning with the first month for which a benefit is due hereunder, exclusive of such part thereof as was purchased with his own contributions as determined under that plan. For this purpose the amount of the deduction shall be determined as though retirement

income under the Retirement Income Plan is payable to such retired employee alone on a straight life annuity basis. In the event of an election of a deferred commencement of retirement income payments under said plan, there shall be included in the deduction provided for in this paragraph (a) any resulting increase in his monthly retirement income under said plan except to the extent that such increase is attributable solely to contributions made by him prior to his normal retirement date as defined in the Retirement Income Plan.

- (b) If retirement occurs under paragraph 4.1(b)(i) (Early Retirement), an amount equal to the product of (i) the number of months (including the month in which retirement occurs) by which the date for which the first monthly pension payment is due precedes the first day of the month following his sixty-second birthday, multiplied by (ii) one-half of one percent of the amount which would have been payable were it not for the provisions of this subsection 5.4.
- (c) An amount equal to the product of (i) the amount which would have been payable were it not for the provisions of this paragraph 5.4(c) and paragraph 5.4(a), excluding any temporary pension payable under paragraph 5.2(c) multiplied by (ii) the total of the monthly charges for survivor protection made pursuant to paragraph 6.6(c); except that no reduction under this paragraph 5.4(c) shall be made for any month when a disability retirement benefit is being paid under subsection 5.2 to the employee before the month next following the date he attains age fifty-five years and, if subsequently the employee elects to retire under another provision of the plan (or predecessor plan) pursuant to paragraph 7.4(a) or has his pension recomputed pursuant to subsection 5.2, the amount of reduction under this paragraph shall not change.

5.5 Applications. Each application for retirement on pension hereunder shall be in writing, on a form to be approved by the employer unless otherwise expressly provided for in an applicable collective bargaining agreement, and shall contain such information as may be reasonably required, including a satisfactory authorization or direction to furnish official verification as to whether or not he has qualified or qualifies for unreduced benefits under the Federal Social Security Act.

5.6 Re-employment. Except in the case of an employee who retired on account of total and permanent disability and who is re-employed by the employer before his normal retirement date, if, subsequent to commencement of his pension payments a retired employee or a former employee is re-employed by the employer, his monthly pension (except for any additional early retirement allowance), if any, arising out of his prior employment nevertheless shall be continued. Any additional early retirement allowance shall be suspended for 12 months for any employee who is reemployed within 45 days of his effective retirement date. In addition, any additional early retirement allowance shall be suspended for the balance of the calendar year in which the retired employee works more than 6 months of said calendar year. For purposes of this paragraph, a retired employee shall be deemed to have worked for each month for which he is actively at work for at least one day.

5.7 Deferred Pension Eligibility. Subject to paragraph 7.1(e) (Credited Service Reinstatement in Case of Re-employment), an employee or former employee will be eligible for a pension (referred to herein as a “deferred pension”) if:

- (a) he suffers a break in Continuity of Service with the employer on or after the Effective Date;
- (b) such break occurs before he meets the eligibility requirements of paragraph 4.1(b) (Early Retirement); and
- (c) he possesses at least ten years of credited service at the time of such break or, if he shall have had at least one hour of credited service credited to him on or after December 1, 1989, he possesses at least five years of credited service at the time of such break or he has attained his normal retirement age.

If a former employee who is eligible for a deferred pension has not filed his application therefor by the sixtieth day before his sixty-fifth birthday, or by the day that he is seventy-and-a-half years old, then, on or about the sixtieth day before such birthday, or such day, a notice will be sent to him by the employer or its designee at his last known address filed with the employer or its designee advising him of his right to apply for a deferred pension.

5.8 Amount Payable - Deferred Pension. The deferred pension payable to a former employee eligible under subsection 5.7 (Deferred Pension Eligibility) shall be the one of the following monthly amounts which applies in his case:

- (a) If payment of his deferred pension does not commence earlier than the first day of the month in which he attains normal retirement age, a monthly pension for life in an amount equal to the sum of:
 - (i) a monthly basic pension for life in an amount equal to the monthly amount shown in paragraph I of Exhibit C for the month in which he suffered a break in Continuity of Service multiplied by the number of years of credited service possessed by him at the time his Continuity of Service was broken; plus
 - (ii) a monthly supplemental pension for life in an amount computed by multiplying the number of years of credited service possessed by him at the time his Continuity of Service was broken by an amount derived from the applicable wage related supplement table,less his applicable deduction, if any, specified in paragraphs 5.4(a) (RIP Deduction) and 5.4(c) (Survivor Protection Deduction); or
- (b) If payment of his deferred pension commences at a date earlier than the first day of the month in which he attains normal retirement age, a monthly pension in an amount determined in accordance with paragraph (a) of this subsection 5.8 before making the applicable deduction, if any, specified in paragraphs 5.4(a) and 5.4(c),

which amount will be reduced by (i) the lesser of (A) 1/2 of one percent thereof for each month (including the month in which payment of his deferred pension commences) by which the date of commencement of payment of his deferred pension precedes the first day of the month in which he attains normal retirement age, or (B) based upon a seven and one-half percent (7 - 1/2%) discount rate and upon one hundred ten percent (110%) of the 1951 Group Annuity Table projected to 1966 using Scale C mortality improvement factors, an amount determined by the actuary to be such that the deferred pension payment will be the actuarial equivalent of the payment which would be payable under paragraph (a) of this subsection 5.8 before making the applicable deduction, if any, specified in paragraphs 5.4(a) and 5.4(c) and then (ii) his applicable deduction, if any, specified in paragraphs 5.4(a) and 5.4(c).

Deferred pension payments shall commence as of the first day of any month which the eligible former employee shall specify in his application (which specified date may not be later than the first day of the month next following his sixty-fifth birthday in case of an application filed before attainment of age 65 years and also which must be after both the month in which he satisfies the same age and service requirements as are applicable to employees under paragraph 4.1(b) (Early Retirement) and the month in which he files his application) and the last payment of any such deferred pension shall be due for the month in which the former employee's death occurs.

- 5.9 **Liability For Pension.** If an employee, while continuing to be employed by the Company or any of its subsidiaries, incurs a Transition and becomes covered under any other pension plan of the Company or any of its subsidiaries, then for purposes of eligibility for benefits under the plan (but not for purposes of calculating the amount of any benefit under the plan), any period or periods of unbroken service with the Company or any subsidiary of the Company as a member of a group of employees to whom the plan is not extended will be treated the same as if such service was credited service as an employee covered by this plan. Upon attainment of the requisite number of years of credited service such person shall be eligible to retire as an employee covered by the plan; but the amount of his benefit shall be calculated based upon the credited service as an employee covered by the plan up to the date he last was employed as an employee covered by the plan, and the liability for the amount of such benefit shall be a liability of this plan to the extent that the amount of such benefit (based upon service performed as an employee covered by this plan) is not payable in all events, and in fact is not paid, under any other plan maintained by the Company or any subsidiary of the Company.
- 5.10 **Benefits and Age Sixty-Two.** Notwithstanding any other provision of the Plan to the contrary, if an employee's initial Social Security Old Age Insurance Benefit is paid or payable (assuming proper and timely application is made therefor) during the second month following the month in which such employee's sixty-second birthday occurs, then
- (a) for purposes of determining the month in which the monthly temporary pension under paragraph 5.1(b)(iii) (Amount Payable for Mutually Satisfactory Retirement) or 5.2(c) (Amount Payable - Disability Retirement) or in which the additional early retirement allowance under subsection 8.5 (Computation and

Payment Rules) shall cease, “age sixty-two years” shall be deemed to mean age sixty-two years and one month, and

- (b) such employee’s “normal retirement date”, for purposes of making such employee eligible for an additional early retirement allowance under Section 8, shall be the first day of the second month following the month in which such employee’s sixty-second birthday occurs.

5.11 Commencement of Pension.

- (a) In no event shall payment of an employee’s pension commence later than such employee’s required beginning date. An employee’s “required beginning date” means April 1 of the calendar year following the later of the calendar year in which the employee attains age 70½ or retires; provided, that the required beginning date of an employee who is a five-percent owner (as defined in Section 416 of the Internal Revenue Code) is April 1 of the calendar year following the calendar year in which such employee attains age 70½. An employee who is not a five-percent owner and who attains age 70½ prior to January 1, 1999 may elect to begin receiving distributions as if he were a five-percent owner. An employee who attained age 70½ prior to January 1, 1997 may elect to cease receiving minimum required distributions prior to his retirement, subject to the terms of an applicable qualified domestic relations order under Section 414(p) of the Internal Revenue Code. An employee’s retirement benefit shall be actuarially increased in accordance with Internal Revenue Service guidance to take into account the period after age 70½ in which the employee was not receiving distributions from the Plan.

This paragraph applies to any employee who has begun to receive his pension yet continues to be employed and does not suffer a break in Continuity of Service. The monthly benefits that such an employee would have otherwise accrued as of the end of any plan year shall be reduced by the actuarial equivalent of the monthly pension that he has received (as of the end of that plan year). Any monthly benefit not completely offset by pension received shall be payable as of the first month following the end of that plan year (and shall be added to the pension previously payable). Actuarial equivalence shall be based upon a seven and one-half percent (7-1/2%) discount rate and upon one hundredten percent (110%) of the 1951 Group Annuity Table projected to 1966 using Scale C mortality improvement factors.

- 5.12 Deferred Pension Payment. Notwithstanding any other provision of the plan to the contrary, any former employee who is entitled to a deferred pension under the terms of the plan and any surviving spouse of a former employee who is entitled to a surviving spouse’s benefit under subsection 6.1 or the qualified preretirement survivor annuity under subsection 6.6 may elect to receive a single lump sum payment in lieu of a monthly benefit. A lump sum payment under this subsection shall be paid to a person only if monthly benefit payments to such person have not commenced and the present value of the deferred vested benefit does not exceed \$5000. For plan years beginning on or after

December 1, 2003, the present value limit may increase from time to time. The present value limit will equal the “applicable payout limit” (as defined in Section 417(e) of the Internal Revenue Code) in effect as of the beginning of the plan year of the distribution. For purposes of determining the amount of the single lump sum payment, the following actuarial assumptions shall be used: the interest rate equal to the “applicable interest rate” (as defined in Section 417(e)(3)(A)(ii)(II) of the Internal Revenue Code) in effect for the fifth month prior to the plan year of the distribution (e.g., the month of July when the plan year begins December 1), except that prior to December 1, 2003, it would be the rate in effect for the month of October prior to the plan year of the distribution, and mortality determined under the “applicable mortality table” (as defined in Section 417(e)(3)(A)(ii)(I) of the Internal Revenue Code). In the event a former employee who receives such a single lump sum payment under this subsection is later re-employed by an Employer, any retirement benefits payable after his re-employment shall be reduced by the actuarial equivalent of the benefits he received under this subsection, determined using the applicable actuarial assumptions set forth above. Notwithstanding anything contained in the Plan to the contrary, effective on and after January 1, 1993, all eligible rollover distributions (as defined in Section 402(f)(2)(A) of the Internal Revenue Code) may be distributed in a direct rollover to the extent required under Section 401(a)(31) of the Internal Revenue Code.

To the extent allowed by law, in the event that a person entitled to such a single lump sum payment under this subsection cannot be located, the Company may direct that all liability shall terminate for the payment to such person of any benefit under the plan; provided, however, that in the event of the subsequent reappearance of the person prior to termination of the plan, the deferred vested benefits to which such person had been entitled shall be reinstated in full.

Those persons will be notified of their entitlement to a single lump sum payment under this subsection of their entitlement. Persons who apply for such payment shall receive it as soon as practicable.

If payment of an individual’s benefits constitutes an eligible rollover distribution under Section 402(c)(4) of the Internal Revenue Code, then the individual may elect to have such distribution paid directly to an eligible retirement plan described in Section 402(c)(8)(B) of the Internal Revenue Code. Each such election shall be made at such time and in such manner as the employer shall determine.

- 5.13 Social Security Supplements. Notwithstanding any provision of the Plan to the contrary, any temporary pension payable under this Section 5 shall not exceed an amount equal to the old age insurance benefits (unreduced on account of age) payable under Title II of the Social Security Act, as amended.
- 5.14 No Benefit for Certain Individuals. Notwithstanding any provision of the Plan to the contrary, this Plan will provide no benefit to or with respect to an individual who is not an Employee as defined in Section 3.6 and who has not earned credited service for purposes of determining the amount of a pension under subsection 5.1 (Amount Payable - Normal, Early or Mutually Satisfactory Retirement), 5.2 (Amount Payable - Disability

Retirement) or 5.8 (Amount Payable - Deferred Pension) prior to the Effective Date, and no such individual shall be eligible to participate in the Pension Plan.

Section 6. Survivor's Benefit

6.1 Surviving Spouse's Benefit. An employee who

- (i) retires on or after the Effective Date pursuant to Section 4 (Retirement), or
- (ii) breaks the continuity of his service on or after the Effective Date under conditions entitling him to a deferred pension under subsection 5.7 (Deferred Pension Eligibility)

and who is married on the applicable date specified in paragraph (a) or (b) below (but disregarding for this purpose paragraph (c) below) and who is not eleven or more years older than his spouse will receive one hundred percent of the monthly basic and supplemental pension which would otherwise be payable under Section 5 (Eligibility for and Amount of Pensions for Employees) to him from time to time; and following his death, if the provisions of this subsection 6.1 shall have become effective, his surviving spouse will receive a monthly survivor's pension for the balance of her life in an amount equal to fifty-five percent of the monthly basic and supplemental pension which was being paid to such deceased retired or former employee immediately prior to his death. Notwithstanding anything to the contrary in Section 5 (Eligibility for and Amount of Pensions for Employees) and subject to the conditions, limitations and adjustments set forth below, a retired employee or former employee who is described in the preceding sentence, except for the fact that he is eleven or more years older than his spouse, will receive (unless he elects in accordance with subsection 6.4 not to provide surviving spouse's benefits) the monthly basic and supplemental pension which would otherwise be payable under Section 5 reduced by one-half of one percent thereof for each full year in excess of ten years that his age exceeds that of his spouse on the date that this subsection 6.1 becomes effective; and following his death, if the provisions of this subsection 6.1 shall have become effective, his surviving spouse will receive a monthly survivor's pension for the balance of her life in an amount equal to fifty-five percent of the reduced monthly basic and supplemental pension which was being paid to such deceased retiree or former employee immediately prior to his death. For purposes of this subsection 6.1, if on or after the Effective Date, an employee retires prior to attainment of age 62 years pursuant to the provisions of paragraphs 4.1(b)(ii) (Retirement Dates) or 4.1(b)(iii), the amount of the reduction, if any, in his or her monthly basic and supplemental pension amount as a result of this subsection 6.1 shall be based on the monthly basic and supplemental pension amount payable to such retired employee after recomputation in accordance with paragraph 5.4(b) (Reductions For Early Retirement) and if such retired employee dies before attainment of 62 years, the amount payable to the surviving spouse under this subsection 6.1 shall be based on the monthly basic and supplemental pension amount that would have been payable to such retired employee after recomputation in accordance with paragraph 5.4(b).

The provisions of this subsection 6.1 shall become effective as follows:

- (a) Except as otherwise expressly provided in paragraph (c) below
 - (i) in the case of employees who retire pursuant to paragraph 4.1(a) (Normal Retirement), 4.1(b) (Early Retirement), 4.1(c) (Mutually Satisfactory Retirement), or 4.1(d) (Disability Retirement) if the employee has 30 or more years of credited service, and
 - (ii) in the case of former employees eligible for a deferred pension, as of the first day of the month for which the first pension payment is made to such employee or former employee; and
- (b) Except as otherwise expressly provided in paragraph (c) below, in the case of an employee who retires pursuant to paragraph 4.1(d) (Disability Retirement) with less than 30 years of credited service, as of the first day of the month next following the date the retired employee attains age fifty-five years if his first pension payment is made prior to such first of the month, and otherwise on the first of the month in which such payment is made; and
- (c) For an employee who has been married to his spouse less than one year on the date the provisions of this subsection 6.1 otherwise would have become effective, on the first day of the month following the month in which the employee and such spouse have been married one year.

If a divorce decree is entered with respect to an employee and his spouse after the provisions of this subsection 6.1 have become effective, the spouse's benefit provided under this subsection 6.1, will cancel as the date of divorce but only to the extent such cancellation is not precluded by the terms of a qualified domestic relations order. If an employee's spouse predeceases him, the spouse's benefit provided under this subsection 6.1 will be canceled. If such an employee's monthly basic and supplemental pension benefit was previously reduced in accordance with this subsection 6.1, it will be restored to the amount otherwise payable under Section 5 (Eligibility for and Amount of Pensions for Employees). Such restoration (and any cancellation in accordance with this subsection) will become effective the first day of the month following the month in which the employer receives such employee's written notice of death or divorce on a form approved by the employer accompanied by evidence satisfactory to the employer of a final decree of divorce, or of the death of his spouse, as the case may be.

For purposes of this subsection 6.1, the term "spouse" shall include only the person who is an employee's spouse on the applicable date specified in paragraph (a) or (b) above (but disregarding for this purpose paragraph (c) above). For purposes of subsection 6.2 (Automatic Surviving Spouse's Benefit), the term "spouse" shall include only the person who has been the employee's spouse for the one-year period ending on the date of his death under the conditions described in subsection 6.2.

6.2 Automatic Surviving Spouse's Benefit. If

- (a) an employee who, on or after the Effective Date, is eligible to retire pursuant to paragraph 4.1(a) (Normal Retirement) or paragraph 4.1(b) (Early Retirement); or

- (b) a retired employee who retired on or after the Effective Date pursuant to paragraph 4.1(b), and who elected to defer receipt of his pension under Section 5 (Eligibility for and Amount of Pensions for Employees) to a date later than the date of his death;

dies on or after the Effective Date and is survived by a spouse (as defined in subsection 6.1 (Surviving Spouse's Benefit)) such spouse will be entitled to a survivor's pension in a monthly amount equal to the monthly amount which such surviving spouse would have been entitled to receive under subsection 6.1 if the decedent had retired on the first day of the month following the date of his death or, if actually retired prior thereto, had elected to have his pension commence on the first day of the month following the date of his death and, in either case, if applicable, had not made the election permitted under subsection 6.4 (Election to Waive Surviving Spouse's Benefit).

- 6.3 Payment of Automatic Surviving Spouse's Benefit. The first monthly payment to any surviving spouse in accordance with subsection 6.2 (Automatic Surviving Spouse's Benefit) will be due for the first month following the month in which the employee's or retired employee's death occurs, and the last payment will be the payment due for the month in which the surviving spouse's death occurs.
- 6.4 Election to Waive Surviving Spouse's Benefit. An employee or former employee whose monthly basic and supplemental pension otherwise would be reduced in accordance with subsection 6.1 (Surviving Spouse's Benefit) may elect to have his monthly basic and supplemental pension paid to him under the provisions of Section 5 (Eligibility for and Amount of Pensions for Employees) in lieu of monthly payments to him or his spouse in accordance with subsection 6.1 (Surviving Spouse's Benefit). Such election may be made at any time prior to the date on which his first pension payment is made under subsection 6.1 (Surviving Spouse's Benefit) and shall be irrevocable on the first of the month in which such payment is made. In case a retired employee or former employee is re-employed by the employer an election which has become irrevocable will apply only to his pension payments arising from his previous employment and a separate election may be filed with respect to any monthly basic and supplemental pension which is payable as a result of such re-employment. Any such election must be consented to by such employee's or former employee's spouse. Such consent shall acknowledge the effect of such election and be witnessed by a plan representative or notary public but shall not be required if the employee or former employee submits a notarized statement to a plan representative that the spouse cannot be located or if, because of such other circumstances as may be prescribed in applicable regulations, such consent cannot be obtained.
- 6.5 Surviving Spouse's Benefit Election by Retiree. An employee who retires under Section 4 (Retirement) of the plan and for whom survivor benefits are not in effect and who either (1) was not married at retirement and has subsequently married, or (2) previously had a surviving spouse's benefit in effect which was canceled under the provisions of subsection 6.1 (Surviving Spouse's Benefit) and thereafter has remarried, may elect a surviving spouse's benefit by filing a written application with the employer. Any such benefit shall be provided under the terms and conditions of the plan relating to such

benefits in effect at the time of the employee's retirement. Such benefit shall become effective on the first day of the third month following the month in which the employer receives a completed election form, but in no event before the first day of the month following the month in which the retired employee has been married to the designated spouse for one year, nor in any event prior to the Effective Date of any cancellation or restoration under subsection 6.1 (Surviving Spouse's Benefit) of any survivor benefits previously in effect.

6.6 Qualified Preretirement Survivor Annuity ("QPSA") Pursuant to Retirement Equity Act of 1984.

(a) The QPSA or similar benefit, if any, payable to the surviving spouse of an Employee who dies before the Effective Date will be governed by the terms of the Predecessory Plan in effect on the date that the Employee died. A QPSA shall be provided to the surviving spouse, as defined below, of an employee who dies on or after the Effective Date, and who as of the date of his death

(i) shall have possessed at least ten years of credited service, except that, if he shall have had at least one hour of credited service credited to him on or after December 1, 1989, he shall have possessed at least five years of credited service, including for purposes of this clause (i) any service credited under paragraph 7.4(b) (Service Credit for Disability Leave),

provided such surviving spouse shall have not been eligible for a survivor benefit under subsection 6.1 or 6.2 of the plan or under any other pension plan of the Company or any of its subsidiaries. Such eligible surviving spouse shall apply for such QPSA on a form approved by the Company and filed with such employee's employer. The first monthly payment of such QPSA shall be due for the latest of

(ii) the month in which a deferred pension would have been payable to such employee, assuming he had survived and effectively elected the earliest possible payment commencement date under subsection 5.8 (Amount Payable - Deferred Pension),

(iii) the month specified by the surviving spouse in his or her application, if an election to defer receipt of such QPSA is made by such spouse (provided, however, that such month shall not be later than the first month following the month in which such employee would have attained age 70-1/2 years), and

(iv) the month following the month in which such application is received by such employer.

The last QPSA payment, if any, shall be due for the month in which the surviving spouse's death occurs. For purposes of this subsection 6.6, "surviving spouse" shall include only the person who has been such employee's spouse for the one-year period ending on the date of his death and, to the extent provided in any

qualified domestic relations order pursuant to subsection 11.8, the person who had been such employee's spouse continuously for at least one year.

- (b) Subject to any applicable qualified domestic relations order under subsection 11.8, the QPSA shall be a monthly benefit equal to fifty percent (50%) of the reduced amount which would have been payable to the employee if the employee's monthly pension was a deferred pension calculated pursuant to subsection 5.8 (Amount Payable - Deferred Pension) based on his credited service under Section 7 and payable as if he had elected to receive such pension commencing with the month described in clauses 6.6(a)(ii), (iii) or (iv), whichever applies to his surviving spouse.
- (c) For payment commencing prior to the Effective Date, subject to any applicable qualified domestic relations order under subsection 11.8, a QPSA charge shall be made for each month after July 1986 for which the employee had not effectively waived his right to QPSA.

6.7 Annuity Explanations.

At least 30 but no more than 90 days prior to the date on which an employee may begin to receive benefits under the Plan (or, if the employee elects, at least 7 days before payment of his benefits commences), the employee shall be given a written explanation of the terms and conditions of the joint and survivor annuity; the employee's right to make, and the effect of, an election to waive the joint and survivor annuity; the requirement of spousal consent to such a waiver; and the employee's right to make, and the effect of, a revocation of such a waiver.

Section 7. Computation of Credited Service

7.1 Computation Rules. Subject to the provisions of subsection 7.4 (Service Credit for Disability Retirement) except to the extent otherwise expressly provided in an applicable collective bargaining agreement which incorporates this plan, an employee's number of years of credited service shall be determined as follows:

- (a) For the period prior to January 1, 1968, his credited service shall be his credited service for such period, if any, as last established prior to the Effective Date of this plan, pursuant to the provisions of any predecessor plan or plans which applied to the group of employees of which he is a member and, if applicable, pursuant to the provisions of any collective bargaining agreement or agreements which incorporated such predecessor plan or plans.
- (b) For the period beginning after December 31, 1967, his credited service will consist of the number of years and months comprising the period beginning with the month following his credited service date (as hereinafter defined) as initially established for purposes of this paragraph 7.1(b) and as further adjusted in accordance with paragraph (c) (Adjustment of Credited Service Date) below, and ending with the end of the month in which his last separation from employment with the employer (including retirement) occurs; provided, however, that an

employee must have at least one hour of credited service credited to him on or after May 1, 1989 in order to receive credited service for any period following the end of the month in which he attains age sixty-six years. An employee's credited service date for purposes of this paragraph 7.1(b), as initially established, will be the later of (1) December 31, 1967, and (2) his original date of employment with the employer. An employee's credited service date for purposes of this paragraph 7.1(b), as so initially established, will be adjusted forward from time to time (in the manner described in paragraph (c) below) by the sum of any of the following periods which shall have applied to him after his credited service date, as initially established:

- (A) the portion of any single continuous period of layoff in excess of eleven months (three months for layoffs commencing prior to February 1, 1971);
 - (B) all periods of part-time employment;
 - (C) all periods of separation;
 - (D) all periods of credited service which were accumulated after his credited service date, as initially established for purposes of this paragraph 7.1(b), and which previously were canceled as a result of a period of separation and were not reinstated following such cancellation;
 - (E) all periods of leave of absence which were initially approved by the employer, or were required by law upon his entry into the United States Armed Forces or the Peace Corps, but following the expiration of which he failed to return to work with the employer in accordance with the terms of such approved leave of absence, or as required by law in order to preserve any re-employment rights conferred on him by law, as the case may be;
 - (F) All periods of strike or lockout after May 1, 1999; and
 - (G) All periods while a leased employee or a contract employee.
- (c) Each adjustment of an employee's credited service date under paragraph 7.1(b) above will be made by taking his credited service date as initially established for purposes of that paragraph and by moving it forward in time by a period equal to the period which caused the adjustment of his credited service to be made.
- (d) Except as provided in paragraph 7.1(e) below, if an employee suffers a break in Continuity of Service, all credited service prior to such break shall be canceled, and if he is subsequently re-employed he shall be considered a new employee for all purposes of the Pension Plan and, if re-employed on or after the Effective Date after incurring a break in Continuity of Service pursuant to the collective

bargaining agreement to which this Plan is a supplement, shall not earn any credited service under, or be eligible to participate in, the Pension Plan.

- (e) Paragraph 7.1(d) shall apply in all cases except as follows:
 - (i) An employee who suffers a break in Continuity of Service after the Effective Date (or after an earlier date on which rights similar to those specified in this paragraph 7.1(e) were made available to him under a predecessor plan) and who is re-employed by the employer as an employee after the Effective Date either
 - (A) within a period after such break in Continuity of Service equal to the credited service which was canceled due to such break in Continuity of Service (but only if such break was suffered on or after December 1, 1976),
 - (B) within thirty-six months after such break (regardless of whether such break was suffered prior to or on or after December 1, 1976) or
 - (C) within sixty months after such break (but only if such break was suffered on or after December 1, 1986)

shall have reinstated, at the time such employee is re-employed if he is re-employed within thirty-six months after such break in Continuity of Service (and otherwise at the time such employee accrues one year of credited service subsequent to such re-employment), the amount of credited service which was canceled under the plan or a predecessor plan by reason of such break in Continuity of Service, subject to such adjustments thereof, if any, as may be made pursuant to paragraph 7.1(a), and such reinstatement shall be in lieu of any rights to which he might otherwise be entitled under subsections 5.7 (Deferred Pension Eligibility) and 5.8 (Amount Payable -Deferred Pension) or under a predecessor plan arising out of such break in Continuity of Service; and

- (ii) An employee who at the time of his last break in Continuity of Service became entitled to a deferred pension by virtue of subsections 5.7 and 5.8 or under a predecessor plan, and who is re-employed by the employer as an employee, shall have reinstated the number of years of his credited service on which such deferred pension otherwise is based, subject to such adjustments thereof, if any, as may be made pursuant to paragraph 7.1(a), and, except where payment of such deferred pension shall have commenced and is being continued pursuant to subsection 5.6 (Re-employment), such reinstatement shall be in lieu of his right to such deferred pension.
- (f) In case an employee incurs a Transition, then the period of his employment that is not in a group to which the Plan has been made available by a collective

bargaining agreement or by an extension by the Employer shall be included in his credited service for the purpose of qualifying for benefits under the plan but shall not be included for the purpose of determining the amount of his pension under subsection 5.1 (Amount Payable - Normal, Early or Mutually Satisfactory Retirement), 5.2 (Amount Payable - Disability Retirement) or 5.8 (Amount Payable -Deferred Pension).

- (g) For purposes of eligibility for benefits under subsection 5.7 (Deferred Pension Eligibility) (but not for purposes of calculating the amount of any benefit under the plan),
 - (i) service with any entity in the Company's controlled group (within the meaning of Internal Revenue Code Section 414(b) or (c)) or any entity affiliated with the Company (within the meaning of Internal Revenue Code Section 414(m)) shall be treated the same as if such entity had adopted the Plan,
 - (ii) for layoffs commencing after December 1, 1976, an additional month of credited service will be credited for any continuous period of layoff in excess of eleven months,
 - (iii) if an employee has a break in Continuity of Service after December 1, 1976 and is re-employed by the employer within one year from the day he last performed an hour of service for the employer, he will receive additional credited service for such period of absence equal to the lesser of (A) his period of absence or (B) one year, less any period of such absence otherwise credited, and if an employee is hired on or after May 1, 1999 and is subsequently laid-off, credited service will be granted for a period equal to the lesser of (1) credited service possessed at lay-off, (2) eleven months or (3) through the month of separation.
- (h) Notwithstanding the foregoing provisions of this subsection, credited service shall not be duplicated for the same period of service, including for periods of service with any subsidiary that has not adopted the plan.

7.2 Service Continuity Breaks. An employee's Continuity of Service is broken, for purposes of the plan, by (i) the occurrence of the employee's death or retirement, or (ii) the employee's quit or discharge unless the employee is rehired before the end of the month in which the quit or discharge occurs, or (iii) expiration of the employee's recall rights under the Basic Agreement. In no case will a Transition be considered a break in Continuity of Service.

7.3 Retirement After A Service Continuity Break. An employee who suffers a break in Continuity of Service, and who immediately prior thereto was eligible to retire on pension under the plan, shall be permitted to file application for and to receive such pension, in the same amount and manner as though he had retired on the first of the month following such break without receiving pay for any hours after the break.

7.4 Service Credit For Disability Retirement. Notwithstanding any other provisions of this Section 7 (Computation of Credited Service):

- (a) Except as otherwise expressly provided in paragraph (c) or (d) of this subsection 7.4, an employee who is on a disability leave of absence and who is eligible to retire on a Disability Retirement Date (or was retired on account of disability before the Effective Date under the corresponding provisions of the predecessor plan which applied to him at the time of his retirement) will continue to earn Credited Service during the period in which he is Totally and Permanently Disabled, until the first to occur of:
 - (i) the end of the month in which his sixty-fifth birthday occurs;
 - (ii) his recovery from such Total and Permanent Disability;
 - (iii) his death;
 - (iv) the commencement of his benefit under Section 5 (other than 5.2); or
 - (v) the end of such leave

at which time the additional credited service accrued following his retirement date under paragraph 4.1(d) (Disability Retirement) (or under the corresponding provision of the predecessor plan which applied to him at the time of his retirement) during which he was on a disability leave of absence will be added to the credited service upon which the amount of his disability pension was based for purposes of determining the benefits, if any, payable thereafter to him or to his surviving spouse, if applicable; provided, however, that if an employee is eligible to elect (or would be eligible to elect if the additional credited service accrued while he was on a disability leave of absence was included in his credited service) and elects, prior to the occurrence of any of the events described in (i), (ii), (iii), (iv), and (v), above, to be treated as though he then was retiring under another provision of the plan (or under another provision of the predecessor plan which applied to him on the date he retired because of disability), the additional credited service accrued while he was on a disability leave of absence will be added to the credited service possessed by him on the date he retired on account of disability for purposes of determining the amount of any benefits payable to him as a result of such election. Except in the case of an employee who returns to work with the employer, in all other respects the provisions of this plan shall be applicable in the case of an employee who retired on account of disability under this plan, and the provisions of the predecessor plan which applied to him shall be applicable in the case of an employee who retired on account of disability under a predecessor plan, including, without limiting the generality of the foregoing, the dollar amount by which an employee's credited service is multiplied in order to determine the amount of his benefits.

- (b) Except as otherwise expressly provided in paragraph (c) or (d) of this subsection 7.4, the credited service of any other employee who is on a disability leave of

absence but who is not eligible for retirement on a Disability Retirement Date will continue to earn Credited Service during the period in which he is Totally and Permanently Disabled until the first to occur of:

- (i) the end of the month in which his sixty-fifth birthday occurs;
- (ii) the end of his disability leave of absence or, if applicable, his recovery from such Total and Permanent Disability;
- (iii) his death;
- (iv) the commencement of his benefit under Section 5 (other than 5.2); or
- (v) the end of such leave

at which time the period of credited service accrued during his disability leave of absence will be added to the number of years of credited service possessed by him at the beginning of such leave of absence for all purposes of the plan except for purposes of determining whether he is then eligible to retire under paragraph 4.1(d) (Disability Retirement) provided, however, that for purposes of (1) determining whether he possesses at least five years of credited service under paragraph 5.7(c) (Deferred Pension Eligibility), (A) no more than the first year of such period will be credited to him and (B) any such period shall not be credited unless it includes an hour of service on or after December 1, 1989 and unless a portion of such one-year period occurred on or after such date and (2) determining whether his surviving spouse is entitled to, and the amount of, a qualified preretirement survivor annuity pursuant to subsection 6.6, (A) no more than the first year of such period will be credited to him and (B) any such period shall not be credited unless it includes an hour of service on or after August 23, 1984 and unless a portion of such one-year period occurred on or after such date. If because of such crediting under (1) or (2) above a benefit becomes payable, the amount of such benefit shall be determined by (1) the provisions of this plan in the case of an employee whose leave began on or after the Effective Date of this plan, and (2) the provisions of the predecessor plan which applied to him in the case of an employee whose leave began before the Effective Date of this plan, including, without limiting the generality of the foregoing, the dollar amount by which an employee's credited service is multiplied in order to determine the amount of his benefits.

- (c) For purposes of the additional early retirement allowance under Section 8 (Additional Early Retirement Allowance) of the plan, the credited service of an employee who has been on a disability leave of absence for a continuous period of at least twelve months (and for this purpose any periods of absence due to disability which are not separated by a return to work with the employer of at least forty-five (45) consecutive days' duration will be considered to be a continuous period of disability leave of absence) will be limited to his credited service at the time such leave commenced unless, upon the expiration of such

leave of absence, he returns to active employment with his employer for a period of at least forty-five (45) consecutive days.

- (d) Notwithstanding any provision of the Plan to the contrary, for disabilities commencing on and after the Effective Date, an employee shall only earn credited service pursuant to this subsection for the period during which he receives short-term disability benefits pursuant to subsection 4.5 of the Group Insurance Plan, and the period he receives long-term disability benefits under subsection 4.3 of the Group Insurance Plan following the date the Company physician determines that the Employee is Totally and Permanently Disabled.

Section 8. Additional Early Retirement Allowance

8.1 Allowance Paid In Addition To Pension. The additional early retirement allowance payable under this Section 8 is in addition to any pension payments payable to retired employees under Section 5 of the plan (Eligibility for and Amount of Pensions for Employees).

8.2 Eligibility. Subject to the remaining provisions of this Section 8, an employee who

- (a) retires on or after the Effective Date under the provisions of paragraph 4.1(b) (Early Retirement), paragraph 4.1(c) (Mutually Satisfactory Retirement) or paragraph 4.1(d) (Disability Retirement) of the plan; and
- (b) files his application for a pension under the plan within two years after the last day he worked for the employer,

will be eligible to receive a monthly additional early retirement allowance in an amount as provided in subsections 8.3 (Amount Payable If 30 Years' Service) and 8.4 (Amount Payable If Less Than 30 Years' Service); provided, however, that the monthly additional early retirement allowance shall not be payable in the case of an employee who is discharged for cause and otherwise is eligible for pension payments under Section 5 (Eligibility for and Amount of Pensions for Employees).

8.3 Amount Payable If 30 Years' Service. Subject to the provisions of subsection 8.5 (Computation and Payment Rules), the amount of monthly additional early retirement allowance payable for an employee eligible under the provisions of subsection 8.2 (Eligibility) who retires (i) with thirty or more years of credited service, and (ii) prior to his normal retirement date, shall be that amount which, when added to the monthly pension payment payable to him under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan, will equal the monthly amount shown for that month in paragraph II A of Exhibit C.

8.4 Amount Payable If Less Than 30 Years' Service. Subject to the provisions of subsection 8.5 (Computation and Payment Rules), if an employee eligible under the provisions of subsection 8.2 (Eligibility) retires (i) with less than thirty years of credited service, and (ii) prior to his normal retirement date, he will be entitled to a monthly additional early retirement allowance in an amount equal to the excess, from time to time, of

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- (a) the amount shown for that month in paragraph II B of Exhibit C, multiplied by the number of years of credited service possessed by him at his retirement date,

over

- (b) the monthly pension payment payable to him under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan.

8.5 Computation and Payment Rules. The additional early retirement allowance for an eligible employee shall be computed and will be paid in accordance with, and shall be subject to, such of the following as may be applicable:

- (a) In determining the amount of any additional early retirement allowance, it will be assumed that he elected to have all of his pension paid under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan and such pension commences immediately upon his retirement and that no amounts are payable under Section 6 (Survivor's Benefit) of the plan and that no reduction is made to such pension pursuant to paragraph 5.4(c) (Survivor Protection Deduction).
- (b) Any additional early retirement allowance for an employee who retires under paragraph 4.1(b) (Early Retirement) will be reduced for any month prior to attainment of age sixty-two years, for which he receives or is eligible to receive Social Security Benefits, by an amount equal to the amount of the temporary pension to which he would have been entitled under paragraph 5.1(b)(iii) (Mutually Satisfactory Retirement) if he had retired under paragraph 4.1(c) (Mutually Satisfactory Retirement), and for purposes of this paragraph 8.5(b) a retired employee shall be considered eligible to receive Social Security Benefits even though he does not qualify for such benefits through failure to make application therefor, or he disqualifies himself from being entitled thereto by any other act or failure to act; provided, however, that such reduction will not be made for the first month for which Social Security Disability Benefits are payable.
- (c) The additional early retirement allowance for an employee who retires under paragraph 4.1(c) or paragraph 4.1(d) (Disability Retirement) shall be calculated on the assumption that he will receive a temporary pension pursuant to paragraph 5.1(b)(iii) or paragraph 5.2(c) (Disability Retirement), as the case may be, until he attains age sixty-two years, even though such temporary pension amount is not received by him until such age because of his entitlement to Social Security Benefits.
- (d) Any additional early retirement allowance to which an employee is entitled shall commence on the first day of the earliest month for which any pension may become payable under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan, and shall be payable monthly thereafter until the first day of the month following the date of his death, or his pension under Section 5 ceases for any reason, except as follows:

- (i) no additional early retirement allowance shall be payable on or after the first day of the month following the month in which a retired employee attains age sixty-two years, and
 - (ii) the additional early retirement allowance may be suspended at reemployment after retirement as determined in accordance with subsection 5.6. The amount of additional early retirement allowance payable upon a subsequent retirement shall be determined in accordance with subsection 5.6 (Re-employment).
- (e) If the sum of (i) the monthly amount of pension payable to an employee under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan (disregarding for this purpose the provisions of paragraph 5.4(a) (RIP Deduction) but after taking into account paragraph 5.4(b) (Early Retirement Reduction) and disregarding any reduction in pension due to the provisions of Section 6 (Survivor's Benefit) and paragraph 5.4(c) (Survivor Protection Deduction) of the plan), plus (ii) the monthly amount of any additional early retirement allowance otherwise payable to him in accordance with this Section 8 (Additional Early Retirement Allowance) prior to attainment of age sixty-two years, would exceed 70% (80% for retirements on or after May 1, 1999) of his final monthly base pay, his additional early retirement allowance shall be reduced to the extent necessary to eliminate such excess, and for purposes of applying this paragraph (g), an eligible employee's final monthly base pay shall mean $173\frac{1}{3}$ times the basic hourly rate of pay received by him for his last day of work for the employer (including any cost-of-living adjustment then in effect but excluding any overtime premium, shift premium, or other premium or bonus of any kind).
- (f) If an employee retires under paragraph 4.1(d) (Disability Retirement), his age at retirement for purposes of this Section 8 (Additional Early Retirement Allowance) shall be his age at the date of retirement under that paragraph, and his credited service shall be limited as provided in paragraph 7.4(c) (Credited Service for Additional Early Retirement Allowance).
- (g) Notwithstanding any provision of the Plan to the contrary, the pension payable under Section 5 (Eligibility for and Amount of Pensions for Employees) in any month will not be reduced below an amount which results in the additional early retirement allowance (paid to an employee in such month) exceeding the old age insurance benefits (unreduced on account of age) payable under Title II of the Social Security Act, as amended, nor shall the amount of such allowance for any month exceed such benefits in any event.

Section 9. Financing

- 9.1 Trust Agreements. The employer has executed trust agreements, and may execute other trust agreements, with a trustee or trustees selected by them to manage and operate a trust fund and to receive, hold and disburse such payments, interest and other income as may be necessary to pay such of the pensions or portions thereof under their respective non-

contributory plans, including predecessor plans, as are not provided for by an insured fund, and may also establish an insured fund with such insurance company or companies as they may select for the payment of such of the pensions or portions thereof under such plans as are not provided for in a trustee fund. The Company will determine the form and terms of any such trust agreements, may provide for the modification of any such trust agreements from time to time to accomplish the purposes of such plans, may provide for the removal of any trustee and the selection of any successor trustee, and will provide for the selection and change of the insurance company, and agree with the insurance company on the form and terms of the insurance contract, and any modifications thereto from time to time, to accomplish the purposes of such plans.

- 9.2 **Payments To Trustee Or Insurance Company.** Subject to the provisions of Section 10 (Amendment and Termination of Plan), the employer will pay over irrevocably to a trustee or insurance company, or both, as of each December 1, the amounts necessary to provide the benefits provided under the plan for persons employed by them, respectively. The aggregate of such payments by the employer as of any December 1, will not be less than the sum of the normal cost of the plan for the plan year beginning on such December 1, plus the amounts required to be paid in order to fund any unfunded past service liabilities over a thirty-year period from the December 1 coinciding with or next following the date such liabilities were first incurred, plus such additional amounts as may be required, as determined by a qualified actuary, in order to prevent the existence, as of the next succeeding November 30, of an accumulated funding deficiency in the plan's funding standard account (or, if applicable, any alternative minimum funding standard account). For purposes of the plan, the terms "accumulated funding deficiency," "funding standard account" and "alternative minimum funding standard account" shall have the same usages and meanings as those terms are used and defined in Part 3 of Title I of the Employee Retirement Income Security Act of 1974 and in Section 412 of the Internal Revenue Code, and any regulations issued under said Part 3 and said Section 412, or in any legislation or regulations which amend, supplement or supersede said Part 3, said Section 412, and any regulations issued thereunder. Payments to such trustees or insurance companies shall be made, and amounts allocated to such trustees and insurance companies shall be held, in accordance with a funding policy and method established by the Company which is consistent with plan objectives.
- 9.3 **Additional Payments.** The employer may pay additional amounts to a trustee or insurance company in any year without such additional payments being construed to reduce the amortization period applicable to any unfunded past service liabilities under subsection 9.2 (Payments To Trustee Or Insurance Company) above.
- 9.4 **Excess Payments Not Required.** Nothing in this Section 9 (Financing) shall require that the employer make in any year payments in excess of the amount deductible for tax purposes in such year.
- 9.5 **Meaning Of Qualified Actuary Or The Actuary.** The terms "qualified actuary" and "the actuary," as used in the plan, mean an actuary selected by the Company who is not an employee of the employer and who is both a Fellow of the Society of Actuaries and an enrolled actuary under the provisions of the Employee Retirement Income Security Act

of 1974, or a firm of actuaries selected by the Company at least one of whose members or officers is both a Fellow of the Society of Actuaries and such an enrolled actuary.

Section 10. Amendment and Termination of Plan

- 10.1 **Reserved Rights Of Company.** The Company reserves the right to amend, modify, suspend or terminate the plan by action of its Board of Directors, except that (1) no such action shall be effective as respects any other employer and employees employed by it unless and until such action is approved by the Board of Directors of such other employer, and (2) no such action shall operate to recapture for the employer any contributions made to any trustee or insurance company nor (except to the extent necessary to satisfy the requirements of the Internal Revenue Code, or any other governmental requirement) shall any such amendment or modification adversely affect the pensions of persons theretofore retired or the trust fund or insured fund then securing such pensions; provided that after termination of the plan and after satisfaction of all liabilities of the plan as set forth below, such payments as may have been made by the employer as a result of overpayments may revert to it.
- 10.2 **Allocation Of Assets At Termination.** Solely for the purposes of this subsection and subsection 10.3 (Segregation Of Assets At Partial Termination), the term “plan” means this plan and the predecessor plan which this plan amends and supersedes. Upon termination or partial termination of the plan, each affected participant’s interest shall be nonforfeitable to the extent funded in accordance with Section 411(d)(3) of the Internal Revenue Code. If more than one employer has adopted the plan and the plan is terminated (as distinguished from being amended or modified) as respects any employer, or if any employer permanently discontinues contributions under the plan without a concurrent assumption of such employer’s obligation to make contributions under the plan by another employer, the actuary shall determine the portion of the assets of the trust fund and any insured fund allocable to (i) employees, retired employees and former employees who are employed or formerly were employed by the employer as to which the plan is terminated and who are not concurrently with or immediately after such termination employed by another employer, and (ii) other persons who have become entitled to benefits under the plan on account of any such retired employees or former employees (all of which employees, retired employees, former employees and other persons being referred to below for convenience as “covered persons”). The portion of the trust fund and any insured fund through which all or any part of the liabilities of the employer terminating the plan are being funded allocable to covered persons shall be represented by a fraction, the numerator of which shall be the total funded actuarial liabilities under the plan attributable to contributions made by such employer under the plan on behalf of covered persons, and the denominator of which shall be the total funded actuarial liabilities of the employer under all plans being funded through such trust fund and insured fund, as determined by an actuary selected by the Company and in a manner acceptable to the Internal Revenue Service and the Pension Benefit Guaranty Corporation based upon the market value (as determined by the trustee) of the assets of such fund as at the date of termination, but such portion shall not in any case exceed an amount equal to the total actuarial liabilities of such employer under the plan, on the basis of its employees’ credited service to the date of termination. The Company then shall arrange

with the trustee of the trust fund and the insurer of any insured fund for the withdrawal of, or segregation from, the trust fund or such insured fund, or both, of the portion thereof allocable to covered persons. If the portion of such funds attributable to such employer's contribution shall exceed its actuarial liabilities under the plan, determined as provided above, the excess shall be paid to such employer as provided in subsection 10.1 (Reserved Rights of Company).

The assets so segregated (subject to provision for expenses of administration and liquidation) shall be reallocated, to the extent that they shall be sufficient for the purposes of paying or providing for the payment of pensions under Sections 5 (Eligibility for and Amount of Pensions for Employees) and 6 (Survivor's Benefit) of the plan (based upon credited service to the date of termination), in the following order of precedence:

- (a) First, to provide to each covered person who was receiving a benefit under the plan as of the beginning of the three-year period ending on the date of termination of the plan, the portion of such covered person's benefit which constitutes a guaranteed benefit under Title IV of the Employee Retirement Income Security Act of 1974 as determined in accordance with the terms of the plan in effect during the five-year period ending on such date under which such covered person's benefit would be the least, and to each covered person who was not receiving a benefit under the plan as of the beginning of the three-year period ending on the date of termination of the plan but was eligible to retire at the beginning of such three-year period, the portion of any benefit which constitutes a guaranteed benefit under Title IV of the Employee Retirement Income Security Act of 1974 and which would have been payable if the participant had retired and begun to receive a benefit at the beginning of such three-year period, determined in accordance with the terms of the plan in effect during the five-year period ending on such date under which such covered person's benefit would be the least
- (b) Next, to provide to each covered person who is entitled to a benefit under the plan as of the date of termination of the plan, the portion of such benefit which constitutes a guaranteed benefit under Title IV of the Employee Retirement Income Security Act of 1974 (determined without regard to Section 4022(b)(5) thereof) or which would have constituted a guaranteed benefit if Section 4022(b)(6) of such Act did not apply, properly adjusted for any allocation of assets with respect to such benefit made under paragraph (a) above.
- (c) Next, to provide to each covered person who was entitled to a benefit under the plan as of the date of termination of the plan, such covered person's nonforfeitable benefit, properly adjusted for any allocation of assets with respect to such benefit made under paragraphs (a) or (b) above. A covered person's benefit shall be nonforfeitable if such covered person is receiving benefits under the plan prior to the effective date of plan termination (or could receive benefits but for an election to defer receipt thereof), is eligible to retire on the effective date of plan termination under paragraphs 4.1(a) (Normal Retirement), (b) (Early Retirement), or (d) (Disability Retirement) and receive benefits under Section 5 (Eligibility for and Amount of Pensions for Employees) of the plan, or is, or has

become eligible for a deferred pension under subsection 5.7 (Deferred Pension Eligibility) of the plan or any comparable section of any predecessor plan upon suffering a break in Continuity of Service.

- (d) Finally, to provide to each covered person who was covered by the plan on the date of termination of the plan, such covered person's benefit under the plan accrued up to that date, properly adjusted for any allocation of assets with respect to such benefit made under paragraphs (a), (b) or (c) above.

In making such allocations, the benefits contemplated under paragraph (a) above shall be completely provided for before any allocations are made under paragraphs (b), (c) and (d); and the allocations provided for in paragraph (b) above shall be completely provided for before making any allocations under paragraph (c) and (d), and so forth. In the event that the assets available for allocation under paragraph (a) or (b) above are not sufficient to satisfy in full the benefits of all covered persons described in that paragraph, the assets shall be allocated pro rata among such covered persons on the basis of the present value (as of the date of termination of the plan) of their respective benefits described in that paragraph. In the event that the assets available for allocation under paragraph (c) above are not sufficient to satisfy in full the benefits of covered persons described in that paragraph, except as provided in the following sentence, the assets shall be allocated to each such covered person on the basis of such covered person's benefit determined in accordance with the terms of the plan in effect at the beginning of the five-year period ending on the date of termination of the plan, properly adjusted for any allocation of assets with respect to such covered person's benefit made under paragraph (a) or (b) above. If the assets available for allocation under paragraph (c) above are not sufficient to satisfy the benefits as described in the preceding sentence, then the benefits of covered persons described in that paragraph shall be determined on the basis of the plan as amended by the most recent plan amendment effective during such five-year period under which the assets available for allocation are sufficient to satisfy in full the benefits of such persons and any assets remaining to be allocated under such paragraph shall be allocated on the basis of the plan as amended by the next succeeding plan amendment effective during such period. In the event that there are not sufficient assets to make the allocation under paragraph (d) above, the allocation otherwise to be made under that paragraph shall be proportionately reduced. Such allocation shall be accomplished through the insurance contract to the extent that the available assets consist of insurance funds, and through the continuation of the trust fund, the establishment of a new trust fund, or the purchase of annuities from an insurance company to the extent that the available assets consist of trust funds.

- 10.3 Segregation Of Assets At Partial Termination. If more than one employer has adopted the plan and the plan is terminated (as distinguished from being amended or modified) as respects any employer while there is in force a collective bargaining agreement under which such employer is obligated to make payments as provided in subsection 9.2 (Payments to Trustee or Insurance Company), there shall be segregated the portion of the assets allocable under subsection 10.2 (Allocation of Assets at Termination) to covered persons entitled to the benefit of such collective bargaining agreement, and payments thereafter made by such employer pursuant to such collective bargaining agreement shall

be added to such segregated assets. If such segregation shall occur, the segregated assets shall be applied in the manner set forth in subsection 10.2 with respect to those covered persons entitled to the benefits of such collective bargaining agreement, and the remainder of the trust fund and any insured fund shall be applied in the manner set forth in said subsection 10.2 with respect to all other covered persons to whom such funds are allocable.

Section 11. Miscellaneous Provisions

- 11.1 Vested Rights Limitation. Except to the extent accrued to an employee upon his retirement under the plan, a former employee entitled to a deferred pension under subsection 5.7 (Deferred Pension Eligibility) at the time he incurs a break in Continuity of Service, or a surviving spouse under subsections 6.1 (Surviving Spouse's Benefit) and 6.2 (Automatic Surviving Spouse's Benefit), no person shall have any vested right under the plan.
- 11.2 Spendthrift Clause. Except as provided under subsection 11.8 (Qualified Domestic Relations Orders), benefits under the plan are not in any way subject to the debts or other obligations of the persons entitled to such benefits and may not be voluntarily or involuntarily sold, transferred, assigned or alienated except insofar as may be contrary to the laws of any state having jurisdiction in the premises and except as further provided hereunder:
- (a) The surviving spouse of an employee or retired employee who also is entitled to continue coverage on a contributory basis under the medical expense plan maintained by the employer may direct that an amount equal to the monthly contributions required of such surviving spouse under such medical expense plan shall be deducted from the monthly amount of pension otherwise payable to such surviving spouse, in which event the amount so deducted will be paid to the insurance carrier or other entity providing such medical expense coverage; and
 - (b) A retired employee may assign a portion of any monthly pension otherwise payable to him to a collective bargaining agent for the purpose of paying union dues which such retired employee shall have elected to pay; provided that such assignment is contemplated by, and in accordance with, a currently effective collective bargaining agreement between an employer under the plan and such collective bargaining agent; and
 - (c) Any person entitled to a pension payment under the plan also may assign any portion of such pension payment otherwise due hereunder to any lawful taxing authority for the purpose of payment of any taxes which are due or may become due on account of such pension payments; and
 - (d) Any person entitled to a pension payment under the plan may assign such pension payment to a financial institution for the purpose of depositing such amounts in his account in such financial institution provided that such assignment is pursuant to and in accordance with a current applicable agreement between such person

and the financial institution and is filed with the employer under the plan; for purposes of this paragraph (d), the term “financial institution” shall include any bank or any savings and loan association or credit union provided such institution offers a check-writing service; and

- (e) Any person may assign all or a part of any monthly pension amount otherwise payable to him to the Caterpillar Money Market Account (in accordance with any required prospectus or similar information) or to a credit union with which the employer has agreed to make payroll deductions for employees for the purpose of depositing such amounts in his share account; and
- (f) Any person may assign part of any monthly pension amount otherwise payable to him to the United Way campaign for purposes of making a charitable contribution.

If it is determined that the benefits under the Plan should not have been paid or should have been paid in a lesser amount, written notice thereof shall be given to the recipient of such benefits (or his legal representative) and he shall repay the amount of overpayment to the Trustee or other funding media under the Plan. If he fails to repay such amount of overpayment promptly, the Company shall arrange to recover for the Plan the amount of the overpayment by making an appropriate deduction or deductions from any future benefit payment or payments payable to that person (or his survivor or Beneficiary) under the Plan or from any other benefit plan of the Employer. For purposes of this subsection 11.2, the terms “pension,” “monthly pension” and “pension payment” shall include amounts payable under Section 8 (Additional Early Retirement Allowance) of the plan.

11.3 Suspensions and Deductions. Without limiting the applicability of any other provisions of this plan:

- (a) If
 - (i) because of a retroactive determination of his Social Security Benefit, an employee who retired pursuant to paragraph 4.1(c) (Mutually Satisfactory Retirement) or (d) (Disability Retirement) has received temporary pension payments under the plan in excess of the amounts which should have been paid; and
 - (ii) he has not repaid, or arranged to repay, in a manner satisfactory to the Company, or has defaulted in any such arrangement to repay, such excess amount to the trustee of the trust fund,

his right to receive any further pension or additional early retirement allowance under the plan shall be suspended until such excess shall have been either repaid or restored to the trust fund through such suspended pension or additional early retirement allowance payments.

11.4 Employment Rights. Employment rights shall not be enlarged or affected in any way by provisions of the plan.

- 11.5 Administration Of Plan. Except to the extent otherwise expressly provided in an applicable collective bargaining agreement, the plan shall be administered by the Company. The Company reserves the authority to adopt such procedures, which will be applied in a uniform and nondiscriminatory manner, as it deems necessary to administer the plan and to determine all questions arising thereunder. The Company may designate any person, entity, committee, board or similar body to act as named fiduciary or fiduciaries, or to act as the designee of the Company as a fiduciary, under the plan and allocate any and all of its duties and responsibilities under the plan to such named fiduciary or fiduciaries, or such designee. If the Company so allocates any of its duties and responsibilities under the plan, such named fiduciary, fiduciary or designee shall be substituted for the Company wherever such term appears under the plan with respect to any duties and responsibilities so allocated. Notwithstanding any such delegation, the Company shall continue to be “administrator” as defined in Section 414(g) of the Internal Revenue Code, unless otherwise explicitly provided in such resolution. The Company shall have discretionary authority to interpret the terms of the plan and to determine eligibility for and entitlement to plan benefits and shall have the discretion to take any other action with respect to the plan in accordance with such resolution and delegation. Except to the extent otherwise expressly provided in an applicable collective bargaining agreement, any interpretation, determination or action pursuant to such authority shall be given full force and effect and shall not be given “de novo” review if challenged by any court, agency or other forum. Prior exercise of such authority shall not create a precedent or obligate the Company to exercise its authority in the same or similar fashion thereafter.
- 11.6 Employer Liability. Except to the extent otherwise expressly provided by law, no employer shall be liable or responsible in any way for the payment of any pension or benefit hereunder other than for the payment (subject to Section 10 (Amendment and Termination of Plan)) of the contributions provided for in Section 9 (Financing), the payment of all such pensions and benefits being solely the obligation of the trust fund and insured fund to which employer payments under Section 9 are payable.
- 11.7 Small Payments. Notwithstanding any provision of the Plan to the contrary, if the present value of any benefit payable to an employee, spouse, or beneficiary does not exceed \$5,000 (or such other amount specified by the Internal Revenue Code), such benefit shall be paid in the form of a single lump equal to the Actuarial Equivalent, and shall fully discharge all liability of the Plan with respect to the benefit, except that no such payment may be made after the Benefit Commencement Date with respect to such benefit without the consent of the employee, spouse or beneficiary.
- 11.8 Qualified Domestic Relations Orders. Notwithstanding any provisions of the plan to the contrary, if an employee’s or former employee’s pension is subject to a “qualified domestic relations order” (entered on or after January 1, 1985) as that term is defined and applied under Section 414 of the Internal Revenue Code (as now in effect or hereafter amended) or is subject to a state court order requiring payment to an alternate payee in the case where such payment is permitted by federal law, then

- (a) part or all of such pension (or the actuarial equivalent thereof) shall be payable to one or more alternate payees (as such term in the singular number is defined in such Section 414) pursuant to the terms of such order, and
- (b) the amount, if any, remaining payable with respect to such pension shall be the equivalent or actuarial equivalent, as the case may be, of such pension after reduction due to any amount payable pursuant to (a) above.

Actuarial equivalence, if applicable, shall be based upon a seven and one-half percent (7-1/2%) discount rate and upon one hundred ten percent (110%) of the 1951 Group Annuity Table projected to 1966 using scale C mortality improvement factors. Any such order may not require the plan to provide any type or form of benefit or any option not otherwise provided under the plan, may not require the plan to provide increased benefits (determined on the basis of actuarial value), may not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order, may not require that any alternate payee be eligible for any type or form of surviving spouse's benefits under subsection 6.1 or 6.2, and may not require the payment of benefits prior to the date on which the employee or former employee receives his first pension payment under the plan; except that on or after the earliest date on which an employee could elect to receive a pension payment under the plan, payment (computed by taking into account only benefits actually accrued by the employee as of the date such payment begins) may be made to an alternate payee in the form of an annuity (other than in the form of a qualified joint and survivor annuity with respect to the alternate payee and his or her subsequent spouse); provided further, that if such employee or former employee dies yet such order nevertheless specifically requires payment of survivor benefits to a former spouse (of the employee or former employee) who is an alternate payee, then (i) such former spouse shall receive no more than that which such former spouse could receive as a survivor benefit under subsection 6.6 (Qualified Preretirement Survivor Annuity ("QPSA")), (ii) such survivor benefit shall be based only upon the pension benefits that shall have been actually accrued by the employee or former employee and attributable to the marriage of such employee or former employee and spouse under applicable state law and (iii) for payments prior to the Effective Date, a QPSA charge shall be made pursuant to paragraph 6.6(c) for each month during which the employee or former employee is not receiving pension benefits under the plan and the cumulative QPSA charges shall be based on, and applied to, the portion of such pension benefits for which such survivor benefit is payable.

- 11.9 Payments For Incompetents. Unless otherwise expressly provided for in an applicable collective bargaining agreement, if any trustee or insurance company shall receive evidence satisfactory to it (a) that a payee entitled to receive any payment provided for in the plan is physically or mentally incompetent to receive such payment and to give a valid release therefor; (b) that another person or an institution is then maintaining or has custody of such payee; and (c) that no guardian, committee or other representative of the estate of such payee shall have been duly appointed, payment may be made to such other person or institution, and the release of such other person or institution shall be a valid and complete discharge for the payment.

- 11.10 **Payments For Minors.** In the absence of the appointment of a legal guardian and unless otherwise expressly provided for in an applicable collective bargaining agreement, any minor's share may be paid to such adult or adults as, in the opinion of any trustee or insurance company, have assumed the custody and principal support of such minor.
- 11.11 **Subsidiary Of Company May Adopt Plan.** With the consent of the Company, any subsidiary of the Company may adopt the plan by a resolution of its Board of Directors, and filing with the insurance company as respects an insured fund and with each trustee as respects a trust fund under which any of the plan benefits are funded appropriate instruments to that effect.
- 11.12 **Merger Of Employer Into Another Corporation.** In the event of the merger or consolidation of the employer into or with another corporation, the merged or consolidated corporation with the Company's consent may adopt the plan with all obligations and rights of the employer hereunder (including, without limitation, those specified in subsection 10.1 (Reserved Rights of Company)), or may (subject to the conditions specified in subsection 11.13 (Merger, Consolidation or Transfer of Assets or Liabilities)) substitute for the plan another pension or retirement income plan unless otherwise expressly provided for in an applicable collective bargaining agreement. Such event shall not be deemed to be a termination of the plan within the meaning of subsections 10.1 (Reserved Rights of Company), 10.2 (Allocation of Assets at Termination) or 10.3 (Segregation of Assets at Partial Termination), unless a substituted plan contains provisions which would have constituted changes or modifications prohibited by subsection 10.1 had they been adopted by the Company.
- 11.13 **Merger, Consolidation Or Transfer Of Assets Or Liabilities.** No merger or consolidation of the plan with, or transfer in whole or in part of the assets or liabilities of the plan to, any other plan maintained or to be established for the benefit of all or some of the persons covered by this plan, shall be permitted unless each person covered by this plan would (if either this plan or such other plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit such person would have been entitled to receive immediately before the merger, consolidation, or transfer (if this plan had then terminated).
- 11.14 **Top Heavy Rules.** In the event that the Plan becomes top heavy under Section 416 of the Internal Revenue Code, the Plan shall comply with the relevant provisions of Section 416 of the Internal Revenue Code.
- 11.15 **Limitations on Benefits and Nondiscrimination Rules.** Notwithstanding anything contained herein to the contrary, the Plan shall comply with the relevant provisions of Section 401(a)(4) and 415 of the Internal Revenue Code.
- 11.16 **Full-Time Employment.** An individual who is not considered to be employed on a "full-time" basis on his date of employment shall be considered to be employed on a "full-time" basis for purposes of subsection 3.5 of the Plan on the last day of the twelve-month period ending on the first anniversary of his date of hire or on the last day of any plan year beginning with the plan year that includes the first anniversary of the individual's

date of hire during which he has completed 1,000 hours of service. An “hour of service” means each hour for which an individual is directly or indirectly paid or entitled to payment by the employer for the performance of duties and for reasons other than the performance of duties (but no more than 501 hours for any single continuous period during which no duties are performed), including each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the employer, determined and credited in accordance with Department of Labor Regulation Section 2530.200b-2. For this purpose, hours of service shall include all hours that, under the provisions of Section 414(b), (c), (m), (n) and (o) of the Internal Revenue Code, are treated as hours of service with the employer. For purposes of vesting under the Plan, an individual’s service shall be computed without regard to paragraph 7.1(b)(B). In determining the credited service for a participant who is a part-time employee under the Plan and completes at least 1,000 hours of service in a plan year, the rules of Section 411(b)(4) of the Internal Revenue Code shall apply.

- 11.17 Restriction on Distributions. Notwithstanding any other provisions of the plan, for any plan year the benefits paid to a participant who was among the 25 highly compensated employees and highly compensated former employees (as defined in Section 414(q) of the Internal Revenue Code) receiving the greatest compensation from the Employer for that or any prior plan year shall be restricted to an amount equal to the payments that would be made on behalf of the participant for that plan year under a single life annuity that is the actuarial equivalent of the participant’s accrued benefit under the Plan. The foregoing restriction shall not apply for any plan year if:
- (a) After payment of all benefits payable under the plan to such participant for that year, the value of plan assets equals or exceeds 100 percent of the value of the aggregate current liabilities to all participants and beneficiaries under the plan; or
 - (b) The value of all benefits payable under the plan to such participant for that year is less than one percent of the value of aggregate current liabilities to all participants and beneficiaries under the plan before payment of such benefits; or
 - (c) The value of the benefits payable under the plan to such participant for that year does not exceed \$5,000 or such other amount as specified under the Internal Revenue Code; or
 - (d) The plan terminates and the benefit received by such participant is nondiscriminatory under Section 401(a)(4) of the Internal Revenue Code; or
 - (e) Such participant has agreed to repay to the plan amounts distributed therefrom that are in excess of the foregoing restrictions and which are necessary for the distribution of assets upon plan termination to satisfy Section 401(a)(4) of the Internal Revenue Code, Provided that such agreement has been secured or collateralized in accordance with applicable governmental requirements.

EXHIBIT B
WAGE RELATED SUPPLEMENT TABLE

The monthly amount of wage related supplemental pension payable with respect to an eligible employee to whom this Table applies (before application of any reduction or adjustment factors to it on account of early commencement and/or benefits payable to a surviving spouse) will be determined by multiplying the number of years of credited service possessed by him at the time of his retirement or the date the continuity of his service is broken, as the case may be, by the amount set forth in the table below opposite the class in that table of which he shall have been a member for the longest period of total time within the two-year period ending with his retirement date or the date the his Continuity of Service is broken, whichever is later.

For Retirements May 1, 2005 and After

Includes The Following		
Labor Grade		
Class	Rate Steps	Payable May 1, 2005 and After
1	1	\$.00
2	2, 3-1*	1.00
3	3-2	1.50
4	3-3, 4-1	2.00
5	4-2, 5-1	2.50
6	4-3, 5-2, 6-1	3.00
7	4-4, 5-3, 6-2	3.50
8	5-4, 6-3	4.75
9	6-4*	5.75

*In the foregoing Table the first Arabic numeral refers to the labor grade and the second Arabic numeral refers to the rate step within those labor grades. For example, an employee receiving the first (lowest) rate step in labor grade 3 (3-1) would be in Class 2. Any employee receiving a basic hourly rate higher than 6-4 will be in Class 9.

In applying the foregoing Table with respect to an eligible employee, if during such two-year period he shall have been laid off or commenced an authorized leave of absence, then for the period of such layoff or leave of absence he shall be considered to have continued in the class in which he was immediately prior to the layoff or leave of absence.

EXHIBIT C

SCHEDULE OF BENEFITS*

I. Basic Benefit Amounts. The monthly basic pension amount with respect to any eligible employee or former employee to whom this schedule applies will be determined as follows:

MONTHLY BASIC BENEFIT RATE PER YEAR OF CREDITED SERVICE
PAYABLE FOR *

(A)	Retirements May 1, 2005	May 1, 2005 and After \$36.00		
(B)	Retirements on or after the first day of the sixth month following ratification and prior to May 1, 2010	6 months following ratification through April 2006	May 2006 through April 2007	May 2007 through April 2008
		\$36.75	\$37.55	\$38.35
	May 2008 through April 2009	May 2009 through April 2010	May 2010 through April 2011	May 2011 And After
	\$39.15	\$40.00	\$40.85	\$41.70

* See Letter of Agreement #7 for retirements from the second to the sixth month following ratification.

PROPOSAL 3

- (C) Retirements on and after May 1, 2010
 - (1) Retirements
 - May 2011
 - And
 - After
- \$41.70

PROPOSAL 3

II. Additional Early Retirement Allowance. The monthly Additional Early Retirement Allowance amount payable to an eligible employee to whom this schedule applies will be determined as follows:

A. For retirements with 30 or more years of credited service

TOTAL MONTHLY BENEFIT AMOUNT FOR DETERMINING MONTHLY EARLY RETIREMENT ALLOWANCE PAYABLE FOR*

(1)	Retirements May 1, 2005	May 1, 2005 and After \$2,400		
(2)	Retirements on or after the first day of the sixth month following ratification and prior to May 1, 2010	6 months following Ratification through April 2006 \$2,480	May 2006 through April 2007 \$2,565	May 2007 through April 2008 \$2,645
		May 2008 through April 2009 \$2,730	May 2009 through April 2010 \$2,810	May 2010 and After \$2,900

* See Letter of Agreement #7 for retirements from the second to the sixth month following ratification.

(3) Retirements on or after May 1, 2010

(3a)	Retirements May 2010 And After	\$2,900
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PROPOSAL 3

B. For retirements with less than 30 years of credited service

MONTHLY BENEFIT RATE PER YEAR OF CREDITED SERVICE FOR DETERMINING MONTHLY EARLY RETIREMENT ALLOWANCE FOR RETIREMENTS MAY 1, 2005

(1) If His Age at His Retirement Date Is:	May 1, 2005 And After
60 years or more	\$80.00
59 years and 11 months	79.27
etc., decreasing by 1-month steps**	.73

FOR RETIREMENTS ON OR AFTER THE FIRST DAY OF THE SIXTH MONTH FOLLOWING RATIFICATION AND PRIOR TO MAY 1, 2010 PAYABLE FOR*

(2) If His Age at His Retirement Date is:	6 Months following ratification through April 2006	May 2006 through April 2007	May 2007 through April 2008
60 years or more	\$82.67	\$85.50	\$88.17
59 years and 11 months	81.92	84.72	87.37
Etc., decreasing by 1-month steps**	.75	.78	.80
	May 2008 through April 2009	May 2009 through April 2010	May 2010 and After
	\$91.00	\$93.67	\$96.67
	90.17	92.82	95.79
	.83	.85	.88

* See Letter of Agreement #7 for retirements from the second to the sixth month following ratification.

PROPOSAL 3

FOR RETIREMENTS ON OR AFTER MAY 1, 2010

(3)	If His Age at His Retirement Date is:	May 1, 2010 and After
	60 years or more	\$96.67
	59 years and 11 months	95.79
	Etc., decreasing by 1-month steps**	.88

** For each succeeding month the benefit rate shall be decreased by the amount shown.

PROPOSAL 3

III. Temporary Pension Amounts. The monthly temporary pension amount with respect to any eligible employee or former employee to whom this schedule applies will be determined as follows:

MONTHLY RATE PER YEAR OF CREDITED SERVICE (MAXIMUM 30 YEARS) PAYABLE FOR

(A) Retirements Prior to May 1, 2010

(1)	Retirements May 1, 2005	May 1, 2005 And After \$32.00 (\$960.00 maximum)		
(2)	Retirements on or after the first day of the sixth month following ratification and prior to May 1, 2010	6 months following Ratification through April 2006 \$32.70 (\$981.00 maximum)	May 2006 through April 2007 \$33.40 (\$1,002 maximum)	May 2007 through April 2008 \$34.10 (\$1,023 maximum)
	May 2008 through April 2009 \$34.80 (\$1,044 maximum)	May 2009 through April 2010 \$35.50 (\$1,065 maximum)	May 2010 through April 2011 \$36.30 (\$1,089 maximum)	May 2011 and After \$37.00 (\$1,110 maximum)

(B) Retirements on and after May 1, 2010

(1)	Retirements May 2011 And After	\$37.00 (\$1,110 maximum)
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LETTERS OF AGREEMENT

Letter of Agreement No. 1

Re: Disability Retirees' Obligation to Provide Earnings Information

If requested to do so by Caterpillar Inc. an employee who retired on or after February 1, 1974, and who is receiving a monthly pension payment under subsection 5.2 (Amount Payable - Disability Retirement) of the Non-Contributory Pension Plan must provide verification of the amount, if any, of his wages, together with authorization for release of information by his employer with respect to his employment and earnings, or his net earnings from self-employment. If such retired employee does not comply with the written request of Caterpillar Inc. within 30 days following the date of such request, his monthly pension payment will be suspended beginning with the next pension payment following the expiration of such 30-day period and will not be resumed until the first day of the month following the date he complies.

Letter of Agreement No. 2

Re: Standards for Mutually Satisfactory Retirements

Attached for you are copies of the standards adopted by the employer to implement early retirement under the provisions of paragraph 4.1(c) (Mutually Satisfactory Retirement) of the Non-Contributory Pension Plan maintained pursuant to agreement with you

STANDARDS TO BE FOLLOWED BY THE EMPLOYER IN APPLYING THE EARLY RETIREMENT PROVISIONS OF PARAGRAPH 4.1(c) OF THE NON-CONTRIBUTORY PENSION PLAN

Paragraph 4.1(c) (Mutually Satisfactory Retirement) of the Non-Contributory Pension Plan provides that an employee may be retired early under mutually satisfactory conditions, providing he is otherwise eligible. The following standards have been adopted by the employer as a guide in the application of this provision.

Standards

An employee who is inefficient by reason of permanent disability.

The retirement must be in the best interests of his employer. It is intended to benefit employees unable to work efficiently through no fault of their own. This contemplates that the efficiency of operation will be improved by reason of the retirement which may be the case in any of the following situations:

The employee is no longer physically or mentally capable of performing his work in an efficient and satisfactory manner.

The employee, though still capable of performing his work satisfactorily, is prevented by chronic physical illness or physical disability (less than total) from working regularly to the extent that efficiency of operation is interfered with.

The employee's condition, based on medical evidence satisfactory to the employer, is such that, although able to perform duties of his job satisfactorily, he would thereby be jeopardizing his health or that of fellow employees, and it is expected that this condition will be continuous until his normal retirement date.

The employee is on medical leave and his condition, based on medical evidence satisfactory to the employer, is expected to be continuous until his normal retirement age, and the probability of his returning to work prior to his normal retirement age is remote because of his physical condition.

The determination of his employer's interest is not necessarily to be made only in reference to the particular job held by the employee; consideration should be given to the possibility of placing the employee on other work in line with his physical capacity and seniority.

It is in his employer's interest to see that this provision of the plan is not abused or misused.

PROPOSAL 3

A discharge for cause shall not constitute retirement under mutually satisfactory conditions. It is not in his employer's best interests to reward misconduct, including deliberate poor job performance or absenteeism, with higher retirement benefits.

PROPOSAL 3

Letter of Agreement No. 3

Re: Credited Service for Laid Off Employee Who Is Employed at Other Facility at Time of Recall

This will confirm our understanding that, in administering the provisions of clauses (2) and (4) of subsection 3(d) of our Supplemental Agreement Relating To Non-Contributory Pension Plan dated January 8, 1974, an employee who is otherwise eligible to have periods of layoff added to his credited service shall not lose such credited service by reason of his failure to respond to a notice of recall if, on the date of such notice of recall, such employee was in active service with the employer.

Letter of Agreement No. 4

Re: Special Retirement Supplement

In the event it is determined by the Company at any time(s) during the term of the Basic Agreement that it is advisable to encourage voluntary early retirements of employees in the Bargaining Unit, the Company may offer additional retirement benefits to eligible employees as described below:

- A. Eligibility for Benefits. The Special Retirement Supplement Plan, as set forth below and hereinafter called the “Plan”, can be in effect only for employees who are
1. at least age 55 or whose combined number of years of age and credited service total 85 or more,
 2. eligible for and elect retirement under paragraph 4.1(a) or 4.1(b) of the Non-Contributory Pension Plan and this Plan during a period when this Plan is offered by the Company and
 3. specifically identified by the Company as eligible for the Plan.

Any period(s) of time during which the Plan is offered (the “window period(s)”) will be determined by the Company. The Company may, in its discretion and from time to time, set forth specific eligibility criteria which may include but are not limited to any of the following or any combination thereof: job classification(s), plant(s) or facility(ies), functional area(s) and seniority group(s). If the Company elects to offer this Supplement, it will first be offered to employees age 55 or more. If a sufficient number of employees do not accept such offer, the Company may elect to offer this Supplement to employees under age 55 whose combined number of years of age and credited service total 85 or more.

The Special Retirement Supplement will be offered on a seniority basis provided that employees who accept such offer may be required to remain at work for up to four (4) months from the effective date of such acceptance to facilitate the training of employees who will replace them or to meet other operational needs of the Company; and provided further that the Company may limit the reduction in any classification(s) to 5% of the employees therein.

The Plan does not affect the employment status of any employee who could retire when eligible for Plan benefits, but who chooses not to retire during a period when the Plan is offered. Retirement from the Company shall remain completely voluntary by the employee. No person shall have any vested rights for benefits under the Plan.

- B. Payment and Amount of Benefits. Benefits under the Plan will be paid in two parts:
1. Non-Contributory Pension Plan benefits, calculated under paragraph 5.1(a) and without reduction for early retirement, notwithstanding paragraph 5.4(b) of the Non-Contributory Pension Plan; and

2. In addition to the pension amounts described in (1) above, a monthly special retirement benefit of \$300, beginning with the month in which the employee retires, will be payable to each employee who retires under this Plan through the month in which the employee attains age 62, except that the amount of monthly benefits hereunder, when added to any Additional Early Retirement Allowance payable under Section 8, shall not exceed the old age insurance benefits (unreduced on account of age) payable under Title II of the Social Security Act, as amended, except that no special retirement benefit amount under this item 2 shall be payable (i) for any month following the month in which the retired employee's death occurs and (ii) to any survivor, beneficiary or the estate of any retired employee.

- C. Election to Receive Benefits in a Lump Sum. In lieu of the monthly special retirement benefit under item (2) above, an employee may elect to receive the equivalent of such monthly benefits in a lump sum payment. The amount of such lump sum payment will be determined by the actuary (for the Non-Contributory Pension Plan) and based upon a 9% discount rate and upon 110% of the 1951 Group Annuity Table projected to 1966 using Scale C mortality improvement factors.

Such lump sum payment shall be elected in accordance with such rules and conditions, and shall be made at such time, as shall be determined by the Company.

- D. Re-employment with Company. If, subsequent to retirement from the Company, the retiree is re-employed as an employee by the Company, the \$300 per month special retirement benefit under item (2) above will not be payable for any calendar month during which the re-employed retiree works more than forty (40) hours. For purposes of the duration of benefits, any month for which benefits are suspended under this paragraph will be treated as if the retiree received benefits for such month.

- E. Payments from Trust Fund. Benefits under this Plan shall be paid to the extent permitted by law from the trust fund of, and (except as provided herein to the contrary) shall be subject to the terms of, the Non-Contributory Pension Plan. Upon the adoption of any window period by the Company and the extension of that window period to any group of employees, the Non-Contributory Pension Plan shall be amended by the Company to include the provision of the benefits described herein to such group of employees and the Union does hereby agree to such amendment.

- F. Insurance. All life and medical under the Group Insurance Plan for which a retiree is otherwise eligible will be applicable as provided under paragraphs 3.1 and 4.6 of the Group Insurance Plan.

- G. Recovered Service Option.

If an employee

1. has been identified by the Company as otherwise eligible for the Plan, but is not eligible under Paragraph A of this Letter of Agreement No. 4 solely because the employee's credited service date was adjusted forward pursuant to Paragraph

7.1(b)(A) of the Non-Contributory Pension Plan (and such adjustment was not previously reversed); and

2. would be eligible under Paragraph A of this Letter of Agreement No. 4 if the adjustment in the employee’s credited service date was reversed as described in Paragraph 3 below;

then, the employee will be eligible under Paragraph A, if the employee makes the election described in Paragraph 3 below.

3. If an employee is identified by the Company as otherwise eligible and is described in Paragraphs 1 and 2, above, the employee may elect to fully waive, under procedures and documentation established by the Company, the special retirement benefit described in Paragraph B.2., above, in exchange for a reversal of the forward adjustment in the employee’s credited service date. The amount that the adjustment is reversed shall correspond to the value of the reversal based on the employee’s age at retirement, in accordance with the following:

Retirement Age	Additional Months of Credited Service
62	0
61	1
60	2
59	3
58	4
57	5
56	6
55	7

provided that, in no event shall the reversal exceed the number of months that the credited service date was adjusted forward pursuant to Paragraph 7.1(b)(A) of the Non-Contributory Pension Plan (and only to the extent that such adjustment was not previously reversed).

Letter of Agreement No. 5

Re: Monthly Retirement Incentive Payment Plan

In the event that it is determined under Agreement Letter No. 23 of the Labor Agreement that a Monthly Retirement Incentive Payment (hereinafter "Payment") will be offered, the Company will offer such Payment under this Monthly Retirement Incentive Plan to eligible employees as described below:

- A. Eligibility for Benefits. The Monthly Retirement Incentive Payment Plan as set forth below (and hereinafter "Plan"), can be in effect only for those active employees who are
1. fifty-five (55) years of age or older and whose age and credited service, under the terms of the Non-Contributory Pension Plan as of the date of the layoffs that would otherwise occur, when combined numerically, produce a sum of 85 or more;
 2. eligible for and elect retirement under paragraph 4.1(a) or 4.1(b) of the Non-Contributory Pension Plan and this Plan when offered by the Company; and
 3. specifically receive and accept an offer under Agreement Letter No. 23 of the Labor Agreement as eligible for the Plan.

A Payment shall be offered in seniority order to eligible employees in the job classification(s) where such reductions are needed. If the needed reduction in a classification is not achieved by such offer(s), the Payment will be offered to eligible employees in other job classifications except where the acceptance of such offers would result in an unreasonable depletion in the number of employees in a job classification with the bargaining unit. When offers of a Payment are made to eligible employees within a job classification they will be made in seniority order. Employees accepting such offer may be required to delay their retirement up to ninety (90) days. An employee who refused an offer of a Payment will not be eligible for another such offer during the term of this Agreement.

This Plan does not affect the employment status of any employee who could retire when eligible for Plan benefits, but who chooses not to retire during a period when the Plan is offered. Retirement from the Company shall remain completely voluntary by the employee. No person shall have any vested rights for benefits under this Plan.

- B. Payment and Amount of Benefits. Benefits under the Plan will be paid in two parts:
1. Non-Contributory Pension Plan benefits, calculated under paragraph 5.1(a) if the employee retires on or after attaining age 62 or, if the employee retires before attaining age 62, then (and in addition to any Additional Early Retirement Allowance payable under Section 8) calculated under paragraph 5.1(a) and without reduction for early retirement, notwithstanding paragraph 5.4(b) of the Non-Contributory Pension Plan; and

PROPOSAL 3

2. In addition to the pension amounts described in (1) above, a payment of \$200.00 beginning with the month in which the employee retires will be payable to each employee who retires under this Plan:
 - a. through the month in which the employee attains age 62 if retired prior to age 60;
 - b. for 24 months if retired at or after age 60 but prior to attainment of age 63;
 - c. through the month in which the employee attains age 65 (or, if greater, for 6 months) if retired at or after age 63 but prior to attainment of age 65; or
 - d. for 3 months if retired at or after age 65

except that no payment amount under this item (2) shall be payable (i) for any month following the month in which the retired employee's death occurs and (ii) to any survivor, beneficiary or the estate of any retired employee.

- C. **Re-employment with Company.** If, subsequent to retirement from the Company, the retiree is re-employed as an employee by the Company, the \$200.00 per month payment under item (2) above will not be payable for any calendar month during which the reemployed retiree works more than forty (40) hours. For purposes of the duration of benefits, any month for which benefits are suspended under this paragraph will be treated as if the retiree received benefits for such month.
- D. **Payments from Trust Fund.** Benefits under this Plan shall be paid to the extent permitted by law from the trust fund of, and (except as provided herein to the contrary) shall be subject to the terms of, the Non-Contributory Pension Plan.
- E. **Insurance.** All life and medical coverages under the Group Insurance Plan for which a retiree is otherwise eligible will be applicable as provided under paragraphs 3.1 and 4.6 of the Group Insurance Plan.

Letter of Agreement No. 6

Re: Credited Service under the Non-Contributory Pension Plan

This will confirm our understanding in reference to credited service under the Non-Contributory Pension Plan for periods of union leaves granted by the Company to employees on Union leave of absence outside of District 55. The parties agree that:

- (1) the Union shall have until the last business day of the sixth month following the month of ratification to exercise its option through written notice, presented to the Director, Corporate Labor Relations of the Company, of its agreement to pay to the Company the cost of such credited service for all such leaves for every month after the effective date of the contract. If the Union exercises this option, the Union will pay to the Company the cost of credited service for all such leaves for every month after the effective date of the contract;
- (2) the first such payment shall be made no later than the first day of the second month following the date the Union exercises its option, and, continuing the first day of every subsequent month;
- (3) the cost of the credited service for such leaves will be determined by the Plan actuary;
- (4) in the event that any payment hereunder is not received by the Company by the first business day after it is due, the Company shall amend subsection 12 of the Supplemental Agreement to which this plan is an exhibit to provide that, beginning with that month, credited service will no longer be granted for all such leaves, and the Union does hereby agree to such amendment and waives any notice thereof;
- (5) at the request of the Union the parties will meet to discuss the cost of the credited service as specified in (3) above and may mutually agree to a different charge.

The Company and the Union acknowledge that the Union exercised its option as described above in paragraph 1 of this Letter of Agreement No. 6.

PROPOSAL 3

Letter of Agreement #7

Re: Benefit Amounts

During the 2005 bargaining sessions, the parties discussed the probability that large numbers of Employees would retire within the first few months following the Effective Date of the Agreement if pension benefits were increased. Therefore the parties have agreed that notwithstanding any provision of the Plan to the contrary, the following schedule will set forth the following qualifications and the pension benefit rate(s) or Additional Early Retirement Allowance payable for the following:

Retirements on or after 1st day of the second month following ratification	Employee(s) With	Basic Benefit Rate Per Year of Credited Service	Additional Early Retirement Allowance
	a) 5 years or more of credited service who are age 65 or over or 10 years or more of credited service who are age 60 or over or 37 years or more of credited service who are any age	Rates set forth in Exhibit C Schedules I (B) of Agreement	Rates set forth in Exhibit C Schedules II A(2) or B(2) of Agreement
	b) Qualifications for all other retirements	Rates set forth in Exhibit C Schedules I (A) of Agreement	Rates set forth in Exhibit C Schedules II A(1) or B(1) of Agreement

PROPOSAL 3

1st day of the third month following ratification

a) 5 years or more of credited service who are age 65 or over

or

10 years or more of credited service who are age 60 or over

or

33 years or more of credited service who are any age

b) Qualifications for all other retirements

Rates set forth in Exhibit C Schedules I (B) of Agreement

Rates set forth in Exhibit C Schedules II A(2) or B(2) of Agreement

1st day of the fourth month following ratification

a) 5 years or more of credited service who are age 65 or over

or

10 years or more of credited service who are age 60 or over

or

32 years or more of credited service who are any age

b) Qualifications for all other retirements

Rates set forth in Exhibit C Schedules I (A) of Agreement

Rates set forth in Exhibit C Schedules I(B) of Agreement

Rates set forth in Exhibit C Schedules II A(1) or B(1) of Agreement

Rates set forth in Exhibit C Schedules II A(2) or B(2) of Agreement

Rates set forth in Exhibit C Schedules I (A) of Agreement

Rates set forth in Exhibit C Schedules II A(1) or B(1) of Agreement

PROPOSAL 3

1st day of the fifth month following ratification

a) 5 years or more of credited service who are age 65 or over

or

10 years or more of credited service who are age 60 or over

or

31 years or more of credited service who are any age

b) Qualifications for all other retirements

Rates set forth in Exhibit C Schedules I(B) of Agreement

Rates set forth in Exhibit C Schedules II A(2) or B(2) of Agreement

1st day of the sixth month following ratification

Qualifications for all retirements

Rates set forth in Exhibit C Schedules I A of Agreement

Rates set forth in Exhibit C Schedules II A (1) or B(1) of Agreement

Rates set forth in Exhibit C Schedules I (B) of Agreement

Rates set forth in Exhibit C Schedules II A(2) or B(2) of Agreement