

# **COLLECTIVE BARGAINING AGREEMENT**

**Executed By and Between**

**VALSPAR COATINGS**

**And**

**UNITED STEEL PAPER, FORESTRY, RUBBER, MANUFACTURING,  
ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS  
INTERNATIONAL UNION (USW)**

**LOCAL 1999**

**(PLANT UNIT)**

Effective January 1, 2008

Table of Contents

PREMABLE	.....	1
ARTICLE I -	BARGAINING UNIT, DESIGNATION OF REPRESENTATIVE AND RECOGNITION	..... 1
	Section 1	..... 1
	Section 2	..... 1
	Section 3	..... 2
ARTICLE II -	DEFINITION OF "EMPLOYEE," "REGULAR EMPLOYEE" AND "LEARNER"	..... 2
	Section 1	..... 2
	Section 2	..... 2
	Section 3	..... 3
ARTICLE III -	WAGES AND BENEFITS	..... 3
	Section 1	..... 3
	Section 2	..... 4
	Section 3	..... 4
ARTICLE IV -	HOURS OF EMPLOYMENT	..... 5
	Section 1	..... 5
	Section 2	..... 6
	Section 3	..... 6
	Section 4	..... 6
	Section 5	..... 7
	Section 6	..... 7
	Section 7	..... 8
ARTICLE V	SENIORITY	..... 8
	Section 1	..... 8
	Section 2	..... 8
	Section 3	..... 9
	Section 4	..... 9
	Section 5	..... 9
	Section 6	..... 9
	Section 7	..... 10
	Section 8	..... 11
	Section 9	..... 11
	Section 10	..... 11
	Section 11	..... 12
	Section 12	..... 12

ARTICLE VI	MANAGEMENT OF PLANT – REDUCTION SUSPENSION AND DISCHARGE .....	12
	Section 1 .....	12
	Section 2 .....	13
	Section 3 .....	14
	Section 4 .....	15
ARTICLE VII -	ADJUSTMENT OF GRIEVANCES .....	15
	Section 1 .....	15
	Section 2 .....	16
	Section 3 .....	16
	Section 4 .....	16
ARTICLE VIII -	NO STRIKE OF LOCKOUT .....	16
	Section 1 .....	16
	Section 2 .....	17
ARTICLE IX -	SAFETY AND HEALTH .....	17
ARTICLE X -	BULLETIN BOARDS .....	17
ARTICLE XI -	UNION SECURITY .....	17
ARTICLE XII -	PRINTING OF AGREEMENT .....	18
ARTICLE XIII -	ASSIGNS TO BE BOUND .....	18
ARTICLE XIV	WARRANTY OF UNION .....	18
ARTICLE XV -	NO OWNERSHIP OF WORK .....	18
ARTICLE XVI -	EMPLOYMENT STABILIZATION .....	20
	Section 1 .....	20
	Section 2 .....	20
	Section 3 .....	20
	Section 4 .....	20
	Section 5 .....	20
ARTICLE XVII	FUTURE CONFERENCE AND TERM .....	21
EXHIBIT A	.....	23
EXHIBIT B	.....	24
EXHIBIT C	.....	25
EXHIBIT D	.....	26

**COLLECTIVE BARGAINING AGREEMENT**  
**EXECUTED BY AND BETWEEN**  
**VALSPAR COATINGS**  
**AND**  
**UNITED STEEL PAPER, FORESTRY, RUBBER, MANUFACTURING,**  
**ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS**  
**INTERNATIONAL UNION (USW)**  
**Local 1999**  
**(PLANT UNIT)**

**THIS AGREEMENT**, is effective as of the beginning of business on January 1, 2008 by and between VALSPAR COATINGS, Indianapolis facility, 546 Abbott Street, Indianapolis, Indiana, or its successors (hereinafter referred to as the “Company” or the “Employer”) and UNITED STEEL PAPER, FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (USW) on behalf of Local 1999 (PLANT UNIT) (hereinafter referred to as the “Union”). It is expressly understood that this Agreement when it becomes effective shall supersede and render null and void all past Agreements, policies and practices.

**ARTICLE I**  
**Bargaining Unit, Designation of**  
**Representative and Recognition**

**SECTION 1 – BARGAINING UNIT**

It is hereby agreed that the unit appropriate for the purposes of collective bargaining is the unit consisting of all production and maintenance employees, but excluding all clerical employees, laboratory technicians, laboratory workers, salesmen and all supervisory employees as defined in the act.

**SECTION 2 – RECOGNITION**

The Employer hereby recognizes the Union as the exclusive collective bargaining agent for all members of the Appropriate Bargaining Unit in respect to rates of pay, wages, hours of employment, or other conditions of employment. All members of the

Appropriate Bargaining Unit, whether such members are members of the Union or not, shall be bound by all the terms of this Collective Bargaining Agreement.

Written communications with the Union may be with the International Representative, President, Unit Chairman or Chief Shop Steward.

### **SECTION 3 – WORK BY SUPERVISORS**

Supervision shall not perform work normally assigned to employees in the Appropriate Bargaining Unit if performance of such work will directly result in the layoff of Unit personnel.

## **ARTICLE II** **Definition of “Employee,” “Regular Employee” and “Probationary Employee”**

### **SECTION 1 – EMPLOYEE DEFINED**

The term “employee” (spelled with a small “e”), as used in this Agreement, constitutes one of the members of the Appropriate Bargaining Unit, and includes “Regular Employees” but excludes “Probationary Employees”, as hereinafter defined.

### **SECTION 2 – “REGULAR EMPLOYEE” DEFINED**

The term “Regular Employee” (spelled with a capital “R” and a capital “E”), as used in this Agreement, constitutes one of the members of the Appropriate Bargaining Unit who is eligible to rank on the Seniority List referred to in Article V of this Agreement. Any Regular Employee shall cease to be an employee if:

- (a) Such Regular Employee terminates his employment with the Employer, or the Employer properly terminates said employment pursuant to the provisions of this Agreement; or
- (b) Such Regular Employee performs no work for the Employer for a continuous period of six (6) months; or
- (c) Such Regular Employee with five (5) years or more of service that is laid off for a continuous period of twelve (12) months; for such Regular Employee with less than five (5) years of service that is laid off for a period of six (6) months; or
- (d) Such Regular Employee retires.

### **SECTION 3 – “PROBATIONARY EMPLOYEE” DEFINED**

The term “Probationary Employee”, as used in this Agreement, refers to a person who has been in the employ of the Employer for a period of less than one hundred and eighty (180) calendar days. A Probationary Employee shall become a Regular Employee at the end of such period if the Probationary Employee successfully completes the 180 calendar day probationary period. Probationary Employees shall not be entitled to any of the benefits or protections provided by this Agreement unless herein specifically provided otherwise.

### **ARTICLE III** **Wages and Benefits**

#### **SECTION 1 – WAGES**

The Operations Associate hourly rate shall be no less than \$16.60, but may be increased from time to time in whatever amount the Company determines appropriate without further bargaining with the Union.

Persons hired after January 1, 2008 (“Probationary Employees”), will be paid \$13.00 per hour which shall increase to \$13.50 if the Probationary Employee successfully completes the 180 calendar day probationary period. Such employees will progress to 100% of the then current Operations Associate rate over the next eighteen (18) month period in six (6) month increments.

All persons must certify for a Skill Team.

**Effective January 1, 2008:** All Exhibit A employees to receive a wage increase of \$.40 per hour. All Non-Exhibit A employees to receive a wage increase of \$.60 per hour.

**Effective January 1, 2009:** All Exhibit A employees to receive a wage increase of \$.40 per hour. All Non-Exhibit A employees to receive a wage increase of \$.60 per hour.

**Effective January 1, 2010:** All Exhibit A employees to receive a wage increase of \$.40 per hour. All Non-Exhibit A employees to receive a wage increase of \$.60 per hour.

Employees shall be paid a shift premium of \$0.25 for all hours paid on the second shift.

Employees shall be paid a shift premium of \$0.20 for all hours paid on the third shift.

The Company will pay Lead Employees a premium of \$1.00 over the employee’s rate. Lead positions will be posted with qualifications and duties. Qualifications and selection of leader position is solely a management discretion. Seniority will be a tie

breaker when skill and ability are equal. Management has a right to appoint and remove lead positions based on performance and/or business conditions.

Lead employees duties will include, but not be limited to the following:

- Plan work to be performed by the group;
- Determine “on the job” working procedures in the case of repair and maintenance of work;
- Arrange for necessary tools, supplies and facilities;
- Assign and instruct members of the group.

Such direction does not include activities such as required to:

- Hire, promote, demote, suspend, or discharge members of the group;
- Represent the Company in handling employee grievances
- Determine the schedules of hours, days and weeks during which member of the group shall work.

## **SECTION 2 – PENSION PLAN**

### **Pension Plan**

Actual pension benefits and conditions under which they are payable are governed by the plan document. The plan document will not be changed and/or modified during the term of this agreement. Please refer to the plan document for information related to the pension plan. Actual benefits will be determined at retirement and are based on years of service and pay history. Benefits are paid only in accordance with plan provisions from the plan document regardless of any previous written or oral statements employees may have received.

## **SECTION 3 – OTHER BENEFITS**

All employees will receive the non-wage fringe benefits identified below under the same policies, terms and conditions that these benefits are enjoyed by the salaried exempt personnel with whom they work and as such benefits from time to time may be altered by the Company. These non-wage fringe benefits, as they currently are structured, are described in detail in the applicable Employee Handbook, but are not incorporated herein by reference, because they are subject to change. These non-wage fringe benefits and policies are:

- i) Health/Dental Insurance (Section 125 Plan)
- ii) Group Life Insurance
- iii) Long-Term Disability Insurance
- iv) Short-Term Disability Insurance

- v) Paid Holidays
- vi) Paid Vacation
- vii) Funeral Leave
- viii) Jury Duty Leave
- ix) Military Leave
- x) FMLA
- xi) Valspar Drug and Alcohol Testing for Cause Policy
- xii) Stock Purchase Plan
- xiii) Valspar Savings and Retirement Plan
- xiv) Educational Assistance
- xv) Flexible Spending Accounts

**ARTICLE IV**  
**Hours of Employment**

**SECTION 1 – DEFINITIONS**

- (a) (i) Work Day. The Work Day shall consist of the twenty-four (24) hour period commencing when an employee begins work.
- (ii) Work Week. The Work Week shall consist of seven consecutive days beginning when an employee begins work on the first day of his Work Week.
- (iii) Each Saturday shall begin Friday at midnight and end Saturday at midnight. Each Sunday shall begin Saturday at midnight and end Sunday at midnight, for payroll computations only.
- (iv) Shift Schedules. The Employer shall establish and post regular starting times for all employees. Changes in the regular starting or quitting time for any job made by the Employer for its convenience shall be made, after at least one week's notice to the employees concerned. This shall not apply to overtime assignments.

- (b) (i) Regularly Scheduled Work Day. The Regularly Scheduled Work Day for employees on regular shifts shall consist of eight (8) work hours.
- (ii) Regularly Scheduled Work Week. In the case of employees on regular shifts, the Regularly Scheduled Work Week shall consist of forty (40) work hours constituted of five (5) consecutive Regularly Scheduled Work Days, usually from Monday to Friday both inclusive, provided that, as in the case of the Fair Labor Standards Act, such Regularly Scheduled Work Day and Regularly Scheduled Work Week shall be used solely as a basis for computing Extra Pay and shall not be construed as a guarantee of any number of hours of work per day, or week, respectively, or as a limitation of the number of hours of work which the Company may schedule and request the employees to work as conditions necessitate in its judgment. It is understood that the Company's right to establish irregular shifts (*e.g.* 10 or 12 hour shifts) and/or irregular workdays or otherwise schedule work, is in no regard or manner restricted by this Agreement.
- (c) Double Shift or Triple Shift Operation. When the plant is being operated on either a double or triple shift basis, shifts in each Department shall start and end at such time as the Company determines best suit the convenience of the operations.

The parties agree that the assignment of Weekend overtime will be in accordance to the Overtime Guidelines dated December 20, 2007.

## **SECTION 2 – LUNCH PERIOD**

A lunch period of one-half hour (30 minutes) without pay shall be provided employees on each shift. Lunch periods are not to be treated as hours worked for any purpose.

## **SECTION 3 – REST PERIODS**

Employees will be entitled to two ten (10) minute rest periods specified one at the first half of the shift and the other at the second half of the shift. Employees who work four (4) hours or more overtime, either before or after their regularly scheduled shift, shall be afforded a paid rest period of ten (10) minutes to be taken at a time specified by the Employer.

## **SECTION 4 – WASH –UP TIME**

One paid wash-up period of five (5) minutes shall be furnished all employees immediately before the regularly scheduled lunch period on each shift.

## **SECTION 5 – EXTRA PAY**

- (a) **Time and One-Half.** The Employer agrees to pay at the rate of one and one-half (1 ½) times the employee’s regular hourly rate for hours worked as follows:
  - (i) All hours worked in excess of forty (40) hours during any Work Week
  - (ii) All hours worked on designated Holidays.
- (b) **Paid Non-Working Hours.** Hours for which an employee is paid but does not work shall not be considered time worked for purposes of determining eligibility for Extra Pay unless specifically provided otherwise in this Agreement.
- (c) **Prohibition Against Pyramiding Extra Pay.** In no event shall the Employer pay more than one Extra Pay requirement for any one hour which falls within both of the classifications in (a) above.
- (d) **Prohibition Against Offsetting Extra Pay.** Employees shall not be required to take time off for the purpose of offsetting any overtime or call-in pay.
- (e) **Double Time.** In cases where Sunday is the employee’s seventh (7<sup>th</sup>) Workday and the employee has worked at least 40 hours in the workweek the employee shall be paid two times (2) the employee’s regular rate of pay for all time worked on Sunday.

## **SECTION 6 – HOLIDAY PAY**

The Employer agrees to pay each employee for eight un-worked hours at the employee’s regular hourly rate for each designated Holiday (the Holiday to be considered as the day on which it is celebrated); provided the employee in question has qualified to receive such pay, which shall be referred to as Holiday Pay. Holiday Pay hours will be treated as hours worked for purposes of Section 5 above.

- A. The following qualifications shall determine whether the employee in question is eligible to receive Holiday Pay:
  - 1. **Regular Employees.** Regular Employees must have worked either their last Regularly Scheduled Work Day of eight hours before or their next Regularly Scheduled Work Day of eight hours after the Holiday, or be excused for any absences on either of such days:
    - (a) Because of layoff (not to exceed one (1) week), or
    - (b) Because the Holiday falls within an employee’s regularly scheduled vacation period; provided that the Regular Employee works his Regularly Scheduled Work Day

before or his Regularly Scheduled Work Day after the vacation period, unless excused for any absences on either or both of such days; or

- (c) Because of sickness of such employee, certified as required by the Group Insurance Policy covering the employees, including absences caused by compensable injury, or
- (d) Because of death or sickness in the employee's immediate family requiring his absence from work on either or both of the qualifying days for Holiday Pay; provided a physician's report showing evidence of illness of a member of his family is presented on his return to work.

Reasonable notice of any absence on a Regularly Scheduled Work Day before or after a holiday shall be given as a condition to qualification for Holiday Pay.

### **SECTION 7 – CALL-IN PAY**

Any employee reporting to work at the beginning of his regular schedule shift not having been notified at least 8 hours in advance not to report for work, and any employee called back to work after he has left the plant and after his usual shift or an extension thereof has been completed, shall be guaranteed a minimum of four (4) hours work. Call-in pay shall not be paid where the Company's inability to provide work for an employee results from a mechanical breakdown, strike, catastrophe, or other conditions beyond the control of the Company.

## **ARTICLE V** **Seniority**

### **SECTION 1 – PROBATIONARY EMPLOYEE**

Probationary Employees, as defined in Article II, Section 3 of this Agreement, shall have no seniority rating until after they have successfully completed the 180 day probationary period. If laid off before qualifying as a Regular Employee, a Probationary Employee has no right to recall or re-employment.

### **SECTION 2 – SENIORITY FACTORS AND SENIORITY**

Seniority shall be plant wide and shall consist of length of continuous service with the Company.

A Seniority List of Regular Employees will be revised quarterly and placed on file in the office of the Manufacturing Manager, for the information of both the Employer and the employees.

Probationary Employees who become Regular Employees will have their names added to the Seniority List as an addition to said List, and in successive order, according to the original date of hire.

### **SECTION 3 – LENGTH OF SERVICE TO BE UNBROKEN**

Seniority shall be based on the aggregate time for which a Regular Employee has been employed by the Employer after qualifying as a Regular Employee, and shall exclude any service in the employ of the Employer rendered prior to any breaking of Seniority as defined in Section 5 of this Article; provided, however, that the President, Unit Chairman and Chief Shop Steward, shall during tenure of their respective offices have top seniority ranking, in the order named, for purposes of layoff and recall only.

### **SECTION 4 – APPLICATION OF SENIORITY**

Seniority shall be used for purposes of layoff and recall within the Skill Team to which an employee is assigned at the time of layoff. Employees on layoff from their job shall have the opportunity to displace employees with less seniority, provided such employees have the skill and ability to perform the job. The determination of skill and ability will be determined by management. Seniority within a Skill Team shall also be used for purposes of shift selection after all current employees on the Skill Team are fully certified or work on a Skill Team for at least one year, whichever occurs first.

### **SECTION 5 – BREAKING OF SENIORITY**

Seniority shall be broken and employee terminated for the following reasons:

- (a) If a Regular Employee quits.
- (b) If a Regular Employee is discharged for cause.
- (c) If a Regular Employee fails to comply with the provisions of Section 7 of this Article upon receipt of notice of recall from layoff.
- (d) If a Regular Employee ceases to be employed by the Employer under the circumstances set forth in Article II, Section 2, clause (a), (b), or (c) of this Agreement.

### **SECTION 6 – CORRECT HOME ADDRESS**

Any notice required by this Agreement shall be sufficient if directed to the most recent address furnished to the Employer by the employee.

## **SECTION 7 – LAYOFF AND RECALL**

- (a) Definition of Skill Teams. For purposes of layoff and recall, employees will be regularly assigned to Skill Teams. However, there is no ownership of work and such Skill Team assignments in no regard limit the Company's right to assign any employee to perform any duties or tasks the employee can safely perform, even if those duties or tasks are normally performed within another Skill Team. The Skill Teams and initial assignments to same are depicted in Exhibits C and D. The Company may change the Teams, the skill requirements of Teams, and employee Skill Team assignments as it deems necessary to support business operations.

The following Skill Teams are those which will be initially established, but they may be changed at any time:

- (i) Coatings
  - (ii) Maintenance
  - (iii) Warehousing
- (b) Temporary Layoff. When it becomes necessary temporarily to curtail production in a particular Skill Team, the Company will endeavor to reassign the employees to other Teams. If this is not possible, the employees in that Skill Team shall be laid off in inverse order of seniority and shall have no right to displace any other employees except Probationary Employees assigned to the same shift. If the layoff extends for a period of more than five working days or if, at the time of layoff it is known that the layoff will extend beyond such period, then the employees laid off may exercise their seniority rights as provided in paragraph (c) of this Section.
- (c) Layoff. In case of layoff Probationary Employees shall first be laid off. Regular Employees who have not yet certified or worked within that Skill Team for at least one year will then be laid off in inverse order of seniority. If a further reduction in a Skill Team is necessary it will be implemented pursuant to Section 4 – Application of Seniority, in this Article.
- (d) Call Back After Layoff. Employees will be recalled from layoff in seniority order provided the employee has the skill and ability to perform the recalled position. The determination of skill and ability will be determined by management. Notice of recall will be by certified mail to the employee's last known address as supplied by the employee to the Company. A copy of such notification shall also be given to the Union. To preserve his seniority, the employee must give notice of his intention to return to work within three (3) work days and return to work within ten (10) work days after receipt of notice of recall.

- (e) There shall be no temporary employees used at the facility, while employees on layoff continue to have recall rights. However, if the laid off employees cannot return soon enough to meet the business needs of the Company, the Company shall have the right to hire temporary employees until the employee returns pursuant to Article V, Section 7, subparagraph (b).

#### **SECTION 8 – NOTIFICATION OF UNION UPON LAYOFF**

The Employer agrees to notify the Union in writing of the names of the Regular Employees to be laid off for lack of work, and to provide a copy of such notice to each employee affected. Such notification shall be given to the Union five (5) working days in advance of the first day such layoff is to be effective. In the event of failure by the Employer to give such notice of layoff, each employee so laid off shall receive in lieu of such notice, pay for eight (8) hours at his regular straight time rate for each day of delay in giving such notice, but in no event for more than five (5) days. The provisions of this section, however, shall not apply to temporary layoffs for lack of work not to exceed one (1) week in duration.

#### **SECTION 9 – EXAMINATION UNDER OCCUPATIONAL DISEASE LAW**

It is mutually agreed between the Employer and the Union that all employees covered by this Agreement shall, as a condition of employment, at all times pass any examination required either by law or by the underwriters furnishing insurance under the Occupational Disease Law.

#### **SECTION 10 – LEAVE OF ABSENCE FOR UNION BUSINESS**

A Regular Employee appointed or elected to a full time position in the Union shall be granted a leave of absence for the duration of his service in such position. During such leave of absence he shall retain and continue to accumulate seniority, but shall not otherwise be entitled to any benefits under this Agreement or as an employee. Upon the termination of his services with the Union, he shall be entitled to be restored with full seniority to a position, designated by the Company, provided he makes application therefore in person within sixty (60) days after the termination of his duties with the Union. No more than two employees shall be on leave of absence for the purpose of service with the Union at any one time.

The Company shall grant unpaid leave time to Union designated Representatives of up to one week per year per representative and no more than one representative at a time, with the approval of management. There will be no loss of benefits during such time.

## **SECTION 11 – UNION MEETINGS**

When there is scheduled work on a Saturday and a union meeting also scheduled on the same Saturday, the Company will permit employees up to two hours of leave to attend the scheduled union meeting if the Company is given at least two weeks notice.

## **SECTION 12 – TRANSFERS OUTSIDE BARGAINING UNIT**

A Regular Employee who transfers to a position with the Company outside the bargaining unit shall retain the seniority accumulated by him prior to such transfer for a period of six months. During such six month period, such employee may elect to return to the bargaining unit or may be returned by the Company to the bargaining unit. After six months service in the position outside the bargaining unit, such employees seniority shall terminate and he shall have no further seniority rights within the bargaining unit.

### **ARTICLE VI** **Management of Plant; Reduction;** **Suspension and Discharge**

## **SECTION 1 – MANAGEMENT RIGHTS**

It is understood and agreed that the rights of Management of the Company include specifically, but are not limited to the following:

1. The determination of location and number of work areas, number and content of Skill Teams, and employee assignments to Teams;
2. The determination of project, work, and services to be performed and the determination as to the Company facility at which the work and services will be performed and by whom therein they are to be performed or to subcontract, contract, or outsource same;
3. The determination of the standards of quality to be maintained and the workmanship required;
4. The scheduling of production and maintenance activities, establishing hours of work and determining starting and quitting times;
5. The establishment of reasonable efficiency standards, time studied or otherwise;
6. The determination of the type of quantities of supplies, machines, tools and equipment to be used;

7. The determination of and the right to subsequently change the methods, processes and means of performing work and services, including which Skill Teams (and Team members) will perform what tasks or duties and what work or services will be performed at which Company facility and/or outsourced, contracted, or subcontracted;
8. The control of all design, formulating, and engineering determinations.
9. The right to establish reasonable rules of conduct and policies including but not limited to policies governing attendance and testing for drug and/or alcohol use (the current substance abuse policy being attached hereto as Exhibit B);
10. The right to establish and enforce discharge and disciplinary action procedures; and
11. The right to generally manage the Company's business as it deems best including, but not limited to, the right to have contractors or subcontractors perform in the facility covered by this Agreement manufacturing and/or maintenance operations unit employees have or could perform.

The Union recognizes that the only limitations upon the Company's right to manage the business, are those rights as explicitly abridged or modified by a specific article and/or specific section of this Agreement.

## **SECTION 2 – CAUSE FOR DISCIPLINE AND DISCHARGE**

In the exercise of its management rights to discipline and discharge employees, management will exercise same only for "cause" which shall, without limiting the generality thereof, include, but not be limited to, the following:

- (a) Failure to timely certify for both the Base Skill Module and the applicable Skill Team Module;
- (b) Violation of the Valspar Drug and Alcohol Testing for Cause Policy
- (c) Smoking in prohibited areas, or at prohibited times;
- (d) Deliberate destruction of Employer's or other employee's property;

- (e) Neglect of duty;
- (f) Absence of three (3) working days without properly notifying the Employer;
- (g) Spreading of reports detrimental to the harmonious contract relations between employees and the Employer;
- (h) Insubordination;
- (i) Inefficient or poor quality work; failure to maintain skills or recertify within a Skill Team; failure to make satisfactory progress toward timely attaining certification in either the Basic Skill Module or the applicable Skill Team Module;
- (j) Endangering other employees through violating safety rules published publicly in the Plant;
- (k) Failure to report for duty without a bona fide reason, or for willful absenteeism;
- (l) Violation of any of the terms of this Agreement;
- (m) Violation of the terms of any “Rules of Conduct” and/or “Work and Safety Rules”, which may be publicly posted and/or disseminated from time to time in the Plant;
- (n) Intentional ringing of another employee’s time card in order to defraud the Employer;
- (o) Any other proper cause;

provided that discipline or discharge shall be subject to the procedure specified in Article VIII of this Agreement relating to “Adjustment of Grievances”.

In imposing discipline, prior disciplinary actions not involving a suspension and which occurred more than eighteen (18) months prior to the current incident will not be taken into account.

### **SECTION 3 – RIGHTS UPON DISCHARGE**

Upon discharge, all further rights or benefits of a discharged employee under this Agreement shall cease and terminate, subject to reinstatement of such discharged employee pursuant to the provisions of Article VII of this Agreement.

## **SECTION 4 – RIGHTS UPON INJUST DISCHARGE**

In the event it is decided, pursuant to the provisions of Article VII, that the Company did not have “cause” to discipline or discharge an employee, said employee may be reinstated to his former status as an employee; provided that, under no circumstances shall said employee be entitled to more than reinstatement with full Seniority rights, and pay for time and overtime lost; and provided further that any lesser settlement agreed upon by the employee or the President, Unit Chairman, or Chief Shop Steward, on the one hand, and the Employer, on the other hand, shall be final and binding upon both.

## **ARTICLE VII** **Adjustment of Grievances**

### **SECTION 1**

Step 1 – If a non-probationary employee believes the Company has violated a specific provision of this Agreement, and desires to formally grieve the alleged violation the employee must, within five (5) workdays of the occurrence of the event or reasonably should have known of same, notify his/her supervisor or specified designee of the grievance. The supervisor or specified designee will give a verbal answer within five (5) workdays.

Step 2 – If the grievance is not settled in Step 1, the grievance will be reduced to writing stating the specific provision of the contract violated and how that provision was violated with one copy presented to the Human Resources Manager or a designated representative within five (5) workdays of the Step 1 answer. Upon receipt, the Human Resources Manager will meet with the Union Steward and the grievant to discuss the grievance. The Human Resources Manager will have give (5) days to issue a written response to the grievance.

Step 3 – If the grievance is not settled in Step 2, the Union will notify the Employer and request a meeting within five (5) days of the Step 2 answer. The meeting will include the Grievance Committee, the International Representative, the Grievant, the Plant Manager or specified designee. A time to be mutually arranged by the parties involved: however, such conference will be held within ten (10) working days, whenever possible, after the Step 2 answer is given. The Employer will give their written answer to the Grievance Committee and International Representative within ten (10) working days after the meeting.

Step 4 – In the event that the dispute cannot be settled satisfactorily by the above steps of the grievance procedure, the Union or the Employer may submit the matter to arbitration by giving the other party written notice of its desire to arbitrate within thirty (30) calendar days after the receipt of the Employer’s Step 3 answer. The grievance will be arbitrated according to the following procedures.

## **SECTION 2 – SELECTION OF ARBITRATOR**

The grieving party shall notify the Federal Mediation and Conciliation Service (FMCS) for a panel of arbitrators within thirty (30) days. The parties will alternate which party will strike first. The sole function of the Arbitrator shall be to determine whether the Company has violated a specific provision(s) of the Agreement which provision(s) must have been identified in the written grievance. The Arbitrator shall have no authority to change, amend, modify, supplement, or otherwise alter in any respect this Agreement or any part thereof or sustain any grievance based in whole or in part on a contract provision not specifically relied upon and identified in the grievance. The ruling of the Arbitrator shall be final and binding upon all parties unless vacated by a subsequent court order.

## **SECTION 3**

The fees and expenses incurred and billed by the Arbitrator and court recorder, and the rent of the hearing room will be paid by the party losing the arbitration. The parties shall assume all of their own respective expenses associated with the preparation and presentation of their cases.

## **SECTION 4**

All time limits mentioned in the above procedure may be extended by written mutual agreement. If the Employer fails to answer within the specified time limits, the grievance as alleged by the Union shall be deemed to be true and correct. If the Union fails to present or appeal the grievance within the specified time limits, the grievance shall be deemed dropped, and the Employer's last answer shall be deemed true and correct. Grievances granted as a result of time limits shall be without precedence.

## **ARTICLE VIII** **No Strike or Lockout**

### **SECTION 1 – NO STRIKE**

The Union agrees that it will not cause or permit its members to cause or participate in any strike, sympathy strike, picketing, slowdowns, stoppage of work or interference with the operations of the Company's business during the term of this Agreement.

In the event any member causes or participates in any of these prohibited acts, the Union agrees to take affirmative steps to discontinue such activity by immediately giving oral and/or written instruction to those members involved to cease such unauthorized

conduct. The Union shall also inform the Company that the unauthorized activities are not sanctioned or condoned by the Union.

The Company shall have the right to discipline up to and including discharge any employee who is proven to have instigated, participated, or given leadership to any of these prohibited activities. While the employee may question the fact of instigation, participation or leadership through the grievance and arbitration procedure, the penalty may not be mitigated by the Arbitrator if he/she finds the grievant did instigate, participate or lead any of the prohibited activities.

## **SECTION 2 – NO LOCK-OUT**

The Company agrees that there shall be no lockout during the term of this Agreement. The prohibition of lockout does not prevent Management from closing all or part of the plant for business reasons.

## **ARTICLE IX** **Safety and Health**

The Company shall comply with all requirements of law, including OSHA, relating to the maintenance of a safe and healthy work place for its employees and all employees and the Union shall cooperate to insure full compliance with all requirements of law. The Company further agrees to provide such training programs as may be necessary to insure that all employees are adequately trained to meet the requirements of this Article.

## **ARTICLE X** **Bulletin Boards**

The Employer agrees at key positions in the plant to be determined by the Employer to make a space upon a bulletin board available to the Union for the purpose of publicizing Union Business. All notices shall be submitted to the Manufacturing Manager or his designee of the employer, for approval prior to posting.

## **ARTICLE XI** **Union Security**

Membership in the Union is not a condition of employment. However, all Regular Employees covered by this Agreement shall, as a condition of continued employment pay to the Union an amount equal to that paid by other employees who are members in good standing which amount is limited to periodic dues and the initiation fees uniformly required to become and remain a member in good standing in the Union.

The Company agrees to collect Union dues with a monthly payroll deduction and remit to the International Secretary/Treasurer of the United Steelworkers, at a place designated by the International Treasurer, dues and initiation fees uniformly required of

all Union members as designated by the International Treasurer of the Union, for all employees within the appropriate unit who execute “an authorization for check-off dues” and non-members of the Union.

In consideration of the Company’s entering into this Agreement, which includes in this Article an Agency Shop provision, the Union hereby agrees to indemnify the Company and hold it harmless from any and all claims, liabilities or costs of the Company which arise out of the entering into or the enforcement of this Article.

**ARTICLE XII**  
**Printing of Agreement**

The Company shall cause this Agreement to be printed or otherwise suitable reproduced in booklet form and shall provide one copy for each employee in the Appropriate Bargaining Unit. Upon request additional copies of the Agreement shall be provided to Union Representatives.

**ARTICLE XIII**  
**Assigns to be Bound**

During the period of this Agreement, as extended from time to time, it shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

**ARTICLE XIV**  
**Warranty of Union**

The Union hereby warrants that is represents a majority of the employees of the Employer in the Plant; that such majority is, at the time of the execution of this Agreement, composed of members in good standing of the Union; that the Union by executing this Agreement is executing for and in behalf of all the employees of the Employer in the Appropriate Bargaining Unit; and that all employees hereby accept, and agree to render service to the Employer, as its employees, upon the terms and conditions outlined in this Agreement. The Union further warrants, that in rendering service for the Employer, the employees will do everything within their respective abilities to maintain high standards of quality and service, in every way within their power advancing the interests of the Employer, which interests they recognize as identical with their own.

**ARTICLE XV**  
**No Ownership of Work**

The overriding purpose of this Agreement is to promote the mutual interests of the parties and declare that successful operation of the Company’s business is in their mutual interest. Accordingly, this Agreement is intended to provide for the operation of the Company’s business under whatever methods the Company determines will further the economy and efficiency of its operations and the realization of maximum quantity and quality of performance.

The parties understand that the continued viability of the Company's business and its capacity to provide jobs depends on the Company's capacity to compete in a world market, selling top quality products at competitive prices which will, in turn, provide a profit. It is understood that this will involve the purchase, installation and utilization of equipment and machinery, and office, laboratory, industrial engineering and research technology of all sorts. It will also involve changes and improvements in the methods, processes, or means of performing work, including changes in who performs what tasks or duties. It will require the cooperation of the parties in support of these changes and improvements. Accordingly, the parties further agree as follows:

1. This Agreement contains no restrictions or limitations on the Company's right to adopt or introduce any technological improvements.
2. There is no restriction on the types and quantities of supplies, machines, tools or equipment to be used, or on the methods, processes or means of performing the work of the Company including who performs what tasks or duties.
3. There is no restriction on who uses technology
4. When any job, task or duty that has historically been performed, in whole or part, by an employee not covered by this Agreement is assigned to be performed by one of the employees covered by this Agreement, such job, task or duty will not be considered as either the permanent or exclusive assignment of the same to the employees covered by this Agreement.
5. Employees who are not covered by this Agreement will perform tasks, without regard to whether the task has historically been performed predominantly or exclusively by covered or non-covered employees, that employees who are covered by the Agreement also perform and/or will use tools, equipment, machinery, etc. that covered employees also use. Employees covered by this Agreement need not be present when employees not covered by this Agreement perform such tasks or use such tools, equipment and machinery.
6. There is no ownership of work and there are no limitations upon the Company's right to manage its business and direct its employees unless those rights are explicitly abridged or modified by a specific article and/or specific section of this Agreement.
7. All employees covered by this Agreement are classified as an Operations Associate and may be assigned to whatever work the

Employer designates which the employee can safely perform without regard as to whether the task is normally performed in the employee's assigned Skill Team.

**ARTICLE XVI**  
**Employment Stabilization**

Attached hereto as Exhibit C is a description of the Basic Skill Module and the applicable Skill Teams for which employees must certify and/or work in for at least one year. Nothing in this Agreement restricts the Employer's right to modify Exhibit C or D from time to time to meet business needs nor its right to require employees once certified to maintain the skills required for current certification in order to remain employed.

Section 1. Employees who timely certify in both the Basic Skill Module and the applicable Skill Team, but fail to maintain their skills or learn newly-required skills will be provided remedial training prior to being subjected to discipline pursuant to Article VI, Section 2.

Section 2. The Company will be solely responsible for determining which employees will be offered what training and when they will be offered that training. Such determinations are not subject to Article VII.

Section 3. If, during the life of this Agreement, the Company shuts down and/or partially shuts down manufacturing operations in Indianapolis for reasons other than an Act of God or Government (*e.g.* earthquake, tornado, flood, fire, explosion, environmental regulations, etc.), and the shutdown results in the layoff of employees such affected employees will be severed and will be afforded one week's pay (40 hours of pay) for each full year of service with the Company. If an employee is suspended or discharged for proper cause they will not be entitled to severance. Severed employees will have no recall rights.

**ARTICLE XVII**  
**Future Conference and Term**

This Agreement shall remain in full force and effect from January 1, 2008 to and including March 31, 2011, and shall automatically continue in full force and effect for each year thereafter unless either party shall terminate same by written notice served upon the other of the proposed termination or modification, sixty (60) days prior to March 31, 2011 or any subsequent March 31.

EXECUTED by the parties hereto the day and year herein  
above first written

VALSAR COATINGS

UNITED STEEL PAPER, FORESTRY, RUBBER,  
MANUFACTURING ENERGY, ALLIED  
INDUSTRIAL AND SERVICE WORKERS  
INTERNATIONAL UNION (USW) – Local 1999

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

**By:** \_\_\_\_\_  
**Leo Gerard, Int'l President**

**By:** \_\_\_\_\_  
**James English, Int'l Sec.-Treas.**

**By:** \_\_\_\_\_  
**Tom Conway, Int'l Vice President**

**By:** \_\_\_\_\_  
**Fred Redmond, Int'l Vice President**

**By:** \_\_\_\_\_  
**Jim Robinson, District Director**

**By:** \_\_\_\_\_  
**Randy McKay, Sub-District Director**

**By:** \_\_\_\_\_  
**James C. Adcock, Staff Representative**

**By:** \_\_\_\_\_  
**Fred Tevis, Local President**

**By:** \_\_\_\_\_  
**Bob Maffett, Unit Chairman**

**By:** \_\_\_\_\_  
**Jack Andrews, Chief Shop Steward**

**By:** \_\_\_\_\_  
**Jim Nanny, Committeeman**

# Exhibit A

## Schedule of Regular Employee Base Wage Rates Effective January 1, 2008

		<b>Seniority Date</b>	<b>Base Hourly Rate</b>
Alstott	Michael	9/7/1972	\$20.41
Andrews	Jack	5/7/1973	\$22.09
Bailey	Michael	9/18/1967	\$20.93
Beatty	Robert	10/27/1975	\$20.72
Bellamey	Kevin	7/2/1979	\$21.65
Gilly	Rodney	7/30/1973	\$20.72
Guidry	Steven	12/21/1970	\$20.72
Hart	Robert	5/2/1977	\$20.92
Hudson	Michael	7/31/1969	\$20.72
Maffett	Robert	6/7/1973	\$20.72
Martin	Jeffrey	8/18/1977	\$20.40
Martin	Carey	11/11/1977	\$21.07
Nanny	James	11/6/1973	\$20.92
Nunn	Henry	6/21/1978	\$20.92
Peel	Allen	1/13/1969	\$21.74
Phillips	Robert	2/27/1978	\$20.40
Pugh	Charles	2/10/1967	\$20.87
Sams	Albert	1/25/1978	\$20.76
Schmidt	Patrick	7/2/1979	\$20.40
Tevis	Fred	1/9/1969	\$20.56
Webb	Dennis	2/12/1973	\$20.72

### Shift Differential

**.25 for 2nd shift**

**.20 for 3rd shift**

**EXHIBIT B**

**VALSPAR DRUG AND ALCOHOL TESTING FOR CAUSE POLICY**

Valspar is committed to providing a workplace that is free of drugs and alcohol. We believe use of these substances may pose a safety or health hazard for our employees. Valspar expects all employees to report to work and perform their duties safely and at an optimum level. Therefore, it is a condition of employment that all employees refrain from reporting to work or working with the presence of drugs or alcohol in their system.

To demonstrate our commitment to a drug-free workplace, it is Valspar's policy to reserve the right to have any employee, in any position, tested or evaluated for drug and/or alcohol use for reasonable suspicion or cause. Valspar will comply with applicable state laws when conducting drug/alcohol tests.

To review the complete Drug and Alcohol Testing for Cause Policy please refer to Valspar's Employee handbook.

**EXHIBIT C**

**BASE SKILLS**

Basic Safety  
Filter Setup/Cleanup  
Forklift Operation  
Waste Handling/Disposal  
Cleanliness Checks  
Data Entry/Retrieval  
Portable and Tote Washing  
Spill Containment/Cleanup  
Preventative Maintenance  
Label Generation  
Quality Improvement  
Locator System Operation  
Batch Filling  
Tank Washing  
M-181 Training  
Pump Setup/Cleanup  
City Water Switch Over  
Filter Selection  
Raw Material Prestaging

**COATINGS**

JOB SAFETY  
Clear/Blend Production  
High Speed Disp./Premix  
Sandmill Operation  
Letdown  
In-process Testing  
Horizontal Mill Operation  
Valve Setting  
Bulk Truck Unloading  
Tote Testing and Repair  
Tanker Loading

**MAINTENANCE**

JOB SAFETY  
Welding  
Cutting Torch Operation  
General Equipment Repair  
Piper Fitting  
Cooling Tower Operation  
Hose Makeups  
Boiler Start up/and troubleshoot  
Spray Booth/Oven  
Maintenance  
Electrical Troubleshoot  
Electrical De-energize  
Change Fuses  
Electronic Controls  
Basic Carpentry  
Basic Plumbing  
110/220-Volt Electrical  
Security System  
Fire Protection System  
Still Operation

**WAREHOUSE**

Job Safety  
High Racker Operation  
Small Package Shipping  
Order Picking  
Loading/Blocking/Bracing  
Receiving

**EXHIBIT D**

**OPERATIONS ASSOCIATES CONSIDERED  
CERTIFIED IN SKILL TEAMS**

**COATINGS**

M. BAILEY  
M. HUDSON  
M. ALSTOTT  
D. WEBB  
R. BEATTY  
C. MARTIN  
A. SAMS  
H. NUNN  
A. PEEL  
R. HART  
R. PHILLIPS  
R. GILLEY  
J. CABRERA  
B. PAGE  
P. SELF  
M. PATRICK  
B. BALDING

Currently working in Coatings but not  
certified:

S. POINDEXTER  
K. HENRY

**MAINTENANCE**

S. GUIDRY  
R. MAFFETT  
K. BELLAMEY  
J. MARTIN  
G. LAJOYE

**WAREHOUSE**

F. TEVIS  
C. PUGH  
J. NANNY  
P. SCHMIDT  
J. ANDREWS  
M. BAKER  
K. STOVER  
C. RODGERS

Currently working in Coatings but  
certified in Warehouse:

D. SMITH  
D. LEWIS  
J. FARMER