

LABOR AGREEMENT

BETWEEN

VERTELLUS
INDIANAPOLIS, INDIANA

AND



**UNITED STEEL, PAPER and FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL UNION**

On Behalf Of

LOCAL UNION NO. 1999

2007 – 2010

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AGREEMENT

This agreement made and signed this 15th day of September, 2007, by and between Vertellus Specialties, Inc., Indianapolis Plant (1500 South Tibbs Avenue), Indianapolis, Indiana (or its successor), hereinafter called "Company" and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union on behalf of Local 1999, hereinafter called "Union".

ARTICLE I – PREAMBLE

The company and the Union hereby declare their mutual commitment to the concept of employee involvement. It is understood that rules and procedures properly adopted by a Unit and approved by Site Management shall supersede or take precedence over existing rules or practices but shall not supersede specific terms of this Labor Agreement as regards employees in the Unit covered by that Unit's rules and procedures but shall not be applied to employees not in the Unit covered by that Unit's rules and procedures. Copies of the rules and procedures, properly adopted by the unit, will be sent to the Unit President. Any modification of a specific term of this Collective Bargaining Agreement requires approval and signature of the International Representative.

It is agreed that Units shall have the power to adopt rules and procedures governing the operation of their respective units to the extent Unit rules and procedures are democratically determined and are approved by Site Management prior to implementation. By way of example, a Unit, subject to approval, shall have the power to adopt rules and procedures governing how overtime will be distributed to qualified people within the Unit; governing how vacation will be scheduled; establishing the skills needed to advance from one labor level to another within a position in the Unit and the procedure for measuring attainment of the needed skills; establishing a problem resolution process internal to the Unit and establishing the shift schedules for the Unit. It is understood and agreed that the delegation by the Company to a Unit of an Article III right will not be considered as a permanent delegation of such management right or a limitation of that management right, but will remain an exclusive right of management subject to further subsequent delegations of same.

ARTICLE II – RECOGNITION

The company recognizes the Union, or its successors, as the exclusive bargaining agent for full time and regular part-time production and maintenance employees of the Employer at its Indianapolis, Indiana facility, including clean-up and utility employees, Shipping Department Employees, and plant janitors; but excluding all office clerical employees, all plant clerical employees, all Research Laboratory employees, all watchmen and Safety Department employees, all foremen, all professional employees and all guards and supervisors as defined in the Act.

ARTICLE III - MANAGEMENT

Except as specifically abridged, delegated, granted or modified by this agreement, all of the rights, powers, and authority the Company had prior to the signing of this Agreement, including the direction of the working forces, are retained by the Company, and remain exclusively and without limitation within the rights of management, and are not subject to the grievance procedure and/or arbitration. It is understood that the determination of staffing levels required is solely vested in management. Any lawful right that the union had to demand either decisional or effects bargaining, that is not specifically addressed within this agreement, is hereby maintained.

In order to ensure an efficient and safe work environment the company maintains the right to promulgate reasonable work rules after discussion with the union.

It is further understood that the parties desire to ensure a safe work environment, it is agreed that no employee shall be required to perform work where the employee has a reasonable belief that imminent danger exists.

There is no restriction on the Company's right to outsource/insource/subcontract the performance of work performed by employees employed in any classification other than those employees employed in the classifications of Maintenance Mechanic and Instrumentation (Control) Mechanic, and those directly employed manufacturing agricultural and nutrition products who are classified as Chemical Operator and/or Environmental Operator.

There is no restriction on the Company's right to outsource/insource/subcontract the performance of work that could be, has been, is and/or may be performed in the future by employees employed in the classifications of Maintenance Mechanic and Instrumentation (Control) Mechanic provided that the employees in these classification have first been offered the opportunity for overtime to perform such work that they have normally performed, and that when non-employees are present at the Indianapolis plant performing such work, all employees in these Mechanic classifications who were hired before September 1, 2003, are being scheduled for either a 3 X 3 or 4 X 4 shift or five (5) consecutive days during a seven (7) day cycle.

The Company will maintain a list of Maintenance and Instrumentation (Control) Mechanics employed on the date of this Agreement is executed who were hired before September 1, 2003. If any employee on this list leaves the employ of the Company for any reason, the most senior mechanic hired after September 1, 2003 will be added to this list and accorded the same protections this Section provides to those hired before September 1, 2003.

There is no restriction on the Company's right to have any products it currently or may in the future manufacture at its Indianapolis plant manufactured, in whole or in part, at other Company plants or facilities, or at plants and facilities operated by some other entity. However, the Company may not divert or discontinue production of agricultural and nutrition products being manufactured at the Company's Indianapolis plant on the date this Agreement is executed if it will cause the lay-off of Chemical and/or Environmental Operators directly employed manufacturing those agricultural and nutrition products unless the diversion or discontinuance is necessitated, in whole or in part, by inadequate demand for such products, a catastrophic event, government regulation, or any event beyond the control of the Company, such as, but not limited to, the inability to acquire raw materials, energy shortages, transportation problems, etc.

The Company may not bring persons it does not directly employ into the Indianapolis plant to perform work normally performed by Chemical and/or Environmental Operators unless necessitated, for whatever reason, in whole or in part, by the absence of the Operators who normally perform such work.

*Note: it is the company's intention to outsource the Buildings and Grounds and Stores and Receiving functions. The company will agree in a side letter to "grandfather" the existing employees currently in these positions.

ARTICLE IV – UNION SECURITY

Section 1 – Check Off

It shall be a condition of employment that all employees of the Company covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement, shall remain members in good standing as to the payment of Union dues, assessments and initiation fees. Dues and assessments shall be deducted on a weekly basis. Those who are not members on the effective date of this Agreement shall, by the 31st day following the effective date of this Agreement, become and remain members in good standing in the Union as to the payment of Union dues, assessments and initiation fees. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after this effective date shall by the 31st date following the beginning of such employment, become and remain members in good standing in the Union as to the payment of Union dues, assessments and initiation fees.

Should the above provision be unenforceable for any reason, then, to the extent permitted by law, each employee who would be required to acquire or maintain membership in the Union if the provision in Section 1 above could lawfully be enforced, and who fails voluntarily to acquire or maintain membership in the Union, shall be required, as a condition of employment, beginning on the 30th day following the beginning of such employment or the effective date, whichever is later, to pay the Union each month a service charge as a contribution towards the Union's collective Bargaining representative expenses. The amount of the service charge, including an initiation fee if applicable, shall be as designated by the Union's International Secretary-Treasurer.

Each new employee may sign and furnish to the Company at the time of his employment, an application card, in duplicate, for membership in the Union, in a form agreed to in writing by the Company and the Union. A copy of such card shall be furnished to the employee. Such application card shall provide that it shall not become effective until the expiration of 30 days after the date of his employment. Such application shall become effective at the expiration of

such 30 days, and one signed copy of it shall then be turned over to the Union.

The above provisions shall not be effective and shall not be enforced so long as such provisions are contrary to the law of the State of Indiana.

Section 2 – Referral

The Company will give equal consideration to employment of persons referred by any source, including the Union, when the Company needs additional employees.

Section 3 – PAC Check Off Clause

The Company agrees that it will check-off and transmit to the Treasurer of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Political Action Fund (USW PAF) voluntary contributions to the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union PAF from the earnings of those employees who voluntarily authorize such contributions on forms provided for that purpose by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union PAF. The amount and timing of such check-off deductions and the transmittal of such voluntary contributions shall be as specified in such forms and in conformance with any applicable state or federal statute. The signing of such United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union PAF check-off and the making of such voluntary annual contributions are not conditions of membership in the Union or of employment with the Company.

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this section.

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Political Action Fund supports various candidates for federal and other elected offices, is connected with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, a labor organization, and solicits and accepts only voluntary contributions, which are deposited in an account separate and segregated from the dues fund of the Union, in its own fundraising efforts and in joint fundraising efforts with the AFL-CIO and its Committee on Political Education.

Section 4

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

ARTICLE V – GRIEVANCE PROCEDURE

Section 1

The term “Grievance” as used in this Agreement is limited to a complaint which has not been settled. Such grievance must be initiated within seven (7) calendar days of the date the aggrieved employee first became aware of the occurrence of the incident from which it arises.

The following procedure will be followed:

STEP 1: Any employee who has a concern or problem shall discuss the issue with his PTL or Supervisor with a Union representative being present in an attempt to settle the same. If the issue is not satisfactorily settled as a result of this discussion the issue shall be put to writing and supplied to the supervisor. The supervisor shall give his answer not later than two working days after the grievance is discussed. Failure of the supervisor to respond shall automatically move the grievance to Step 2.

STEP 2: If the issue is not satisfactorily settled as a result of the above, it will be referred to the Grievance Committee for investigation. If the Grievance Committee determines that there is a matter for grievance, the grievance shall be set forth in writing on regular grievance forms and shall be signed by the employee or employees involved. All grievances

will be signed by the Unit President or his designee. The written grievance must be received by the Site Human Resources Manager or his designee not later than ten (10) calendar days of the date the aggrieved employee first became aware of the occurrence of the incident from which it arises. Receipt of said grievance will be indicated by the signature of the Site Human Resources Manager or his designee. The Site Human Resources Manager or his designated representative will provide a written answer to the Unit President not later than seven (7) calendar days following receipt of the written grievance. If the grievance is not resolved in this step, the Union will notify the Site Human Resources Manager within seven (7) calendar days of its intent to advance the grievance to the third step of the procedure.

STEP 3: At this step the Site Human Resources Manager and/or his designated Representative(s) will hold meetings with the Union no later than fourteen (14) calendar days after notification from the Union. These meetings will be attended by an International Representative of the Union or his designee and not more than two (2) Unit representatives, whom are members of the Grievance Committee. No grievance will be discussed in this meeting until a written response has been received by the Unit President. The Site Human Resources Manager or his designated representative will deliver written answers to the Unit President and the International Staff Representative not later than seven (7) calendar days following this meeting.

If the grievance is not settled as a result of the above, it may be appealed to Arbitration not later than 30 calendar days after receipt by the International Representative or his designee and the Unit President, of the answer from the Site Human Resources Manager.

If the Union does appeal the grievance to arbitration, the parties shall request the arbitrator who is next up on the permanent panel for dates to hear the grievance. The permanent panel shall consist of five (5) arbitrators who have been agreed to in advance and who will be alphabetically listed.

1. At the time an Arbitrator is notified of his selection, he shall be notified that the parties desire to have a decision rendered within thirty (30) days of the date that the hearing is closed. Except in abnormal circumstances, the parties shall perform closing arguments in the case(s). The decision of the Arbitrator shall be final and binding and the expense and salary, if any, of the Arbitrator shall be paid equally by the Company and the Union.
2. The Arbitrator's jurisdiction and authority is limited to determining whether the Company has violated the specific provision(s) of the labor agreement identified in the grievance. The arbitrator shall have no authority to add to, subtract from, or in any way modify the terms of this Agreement. The decision of the arbitrator shall be final and binding on the Company, the Union, and the grievant.
3. Each party shall pay the expenses of its own representatives and witnesses. The Union will notify the Company five (5) calendar days prior to such proceeding of the names of all employees who will be requested by the Union to attend such proceeding.

Section 2

The Company agrees that no employee shall be preemptorily discharged, but that he first shall be placed on terminal, unpaid suspension. During the first seven (7) calendar days of this initial suspension, the Union may request a meeting with the Company's Site Human Resources Manager, if such meeting is requested; it shall be held no later than the fifth (5th) calendar day following such request. The Grievant may attend such meeting. At such meeting, the facts concerning the case shall be made available to both parties. The Company's Site Human Resources Manager shall notify the Union no later than the fifth (5th) calendar day following such meeting, or if the meeting is not held, on the twelfth (12th) calendar day of the suspension, as to whether the suspension is converted to discharge and if not, what other action shall be taken. If the Union is dissatisfied with the Company's answer, it may challenge such decision through the Grievance Procedure beginning at Step 2 of the grievance procedure by filing a written grievance in the manner provided.

Section 3

1. The parties desire to process and dispose of grievances promptly. For good cause shown, time limits within any specific step may be extended by written mutual agreement and recorded.
2. If the Company fails to answer within the specified time limits, after Step 1 of the grievance procedure, the

grievance as alleged by the Union shall be deemed to be true and correct and resolved based upon the Union's last request. If the Union fails to present or appeal the grievance within the specific time limits, the grievance shall be deemed withdrawn, and the Company's last answer shall be deemed true and correct.

Section 4

1. Unit Officers, Stewards, and members of the recognized committees shall be compensated for time lost from work in mutually agreed meetings with the Company. An aggrieved employee, or any witnesses, who may be called into such a meeting with the Company will be paid for time lost from work.
2. Unit officers, Stewards, and members of the Grievance Committee may visit departments other than their own for the purpose of investigating or settling grievances after approval from their Supervisor and notice to the Supervisor or his/her designee of the department visited.
3. Records of bargaining unit employees will be made available to the Union.
4. For the purpose of facilitating the procedures of administering this Agreement, the Union agrees to file at the office of the Site Human Resources Manager a list of all employees who are to be recognized as departmental Stewards and/or as representatives of the Union pursuant to the provisions of this section.

Section 5

If an employee requests assistance of a Steward in Section 1, above, the Steward shall be permitted to leave his/her work with the approval of his/her supervisor, to assist the employee at a time that does not disrupt the operations of the facility.

ARTICLE VI - DISCHARGE AND SUSPENSION

A. Employees shall be provided due process in any situation where the Employee is to be disciplined.

A verbal warning, informal discussion or request for improvement may be used in lieu of discipline. Except cases involving dishonesty; walking off the job, drunkenness; the possession or use of intoxicants, or controlled substances or firearms; the endangering of fellow employees; threatening or intimidating another person or violating the Company's Harassment Policy; and/or negligence resulting in loss of material or damage to equipment, the following steps shall apply, except in cases of a de minimus nature:

1 st Offense:	Written Warning
2 nd Offense:	Suspension*
3 rd Offense:	Termination

*A 2nd written warning may be given in lieu of suspension.

Disciplinary suspensions will remain active for progressive disciplinary purposes for a period of eighteen (18) months; all other discipline will remain active for a period of one (1) year.

All discharges will be automatically entered into the grievance process at Step (3).

A warning notice shall remain in effect for a period of one (1) year. However, an employee who receives a warning notice for poor work performance, such as a spill, loss of material, or damage to equipment, which is not so severe as to justify suspension or termination may elect within fourteen (14) days of receipt of the warning to take unpaid training during non-scheduled workdays which when satisfactorily completed will result in immediate removal of the written notice. The training shall not exceed (12) hours and may be used to remove a notice only once per rolling 12 month year.

B. Drug Testing Policy

Vertellus Specialties is firmly committed to providing a safe work place for employees, and to establishing programs promoting high employee health standards. It is the Company's policy to take appropriate action against employees who unlawfully use, distribute or possess drugs or controlled substances during or outside Company hours. It is also the

Company's policy to take appropriate action against employees who report to work or work under the influence of alcohol or drugs. Employee drug and alcohol abuse, both on or off the job, can adversely impact the work place environment. Vertellus' goal is to maintain a work environment free from the effects of alcohol and drug abuse. Finally, our purpose is to assist an employee in rehabilitation if a problem exists.

1. Employees may not consume, use, possess, control, distribute or sell alcohol, intoxicants, illegal, controlled or unauthorized drugs, or narcotics in any amount at any time on Company property (including parking area).
2. Reporting to work, including returning to work, or being at work under the influence of alcohol, intoxicants, illegal unauthorized or controlled drugs or narcotics is also strictly prohibited and will result in discipline, up to and including immediate discharge. Being "under the influence" generally means that alcohol or drugs are adversely affecting the performance of duties; that one's normal behavior is adversely affected; or that one's behavior (including habitual abuse of alcohol or drugs) creates a risk of harm to others or to Company property.
3. Misuse or abuse of legally prescribed prescription drugs will be treated as the prohibited use of an unauthorized drug under this policy.
4. Any employee who is reasonably suspected by management or supervision of reporting to work or being at work under the influence of such alcohol and/or drugs at any time during working hours or at any time on Company premises may be required to take medical examinations, including the taking of related tests, given by a doctor, clinic, laboratory, or hospital of the Company's choice. The Company may also require such medical examinations of any employee involved in an on-the-job accident or injury and all other employees involved in the accident and/or injury.
5. The Company reserves the right to make a full search of any and all employees, vehicles, lockers, clothing, parcels, purses, packages and containers where the Company has a reason to suspect any possible violation of these rules.
6. The Company understands that some employees are hesitant or afraid to ask for help even when they are aware that they may have an alcohol or drug problem. The Company will, on a confidential basis, attempt to assist any employee who needs and requests such help. However, participation in a formal assistance program will not prevent disciplinary action where warranted.
7. Off-the-job illegal drug or alcohol use which could adversely affect an employee's job performance or which could jeopardize the safety of other employees, the public, or Company equipment may result in disciplinary action, up to and including discharge.
8. Employees who are arrested for off-the-job drug activity may be considered to be in violation of this policy. In deciding what action to take, management will take into consideration the nature of the charges, the employee's present job assignment, and the employee's record with the Company, and other factors relative to the impact of the employee's arrest upon the conduct of Company business.
9. Employees undergoing prescribed medical treatment with a drug or controlled substance, which may alter their physical or mental ability, must have their physician report this fact to their Site Personnel Office or the Corporate Benefits Office. The Company may but is not obligated to change an employee's job assignment while the employee is undergoing treatment.
10. Employees who violate this policy will be subject to discipline, up to and including immediate discharge. The only exception to this rule is the taking of prescribed drugs under the direction of an accredited physician.
11. Each employee is responsible for reporting to work able to perform without the influence of alcohol or controlled drugs.
12. It is the company's intent to follow the Department of Transportation (DOT) guidelines on detection limits.

ARTICLE VII – SENIORITY

Section 1 – Seniority Defined

- A. Plant seniority consists of all continuous employment with the Company at its Indianapolis Plant and shall become effective after completion of the probationary period as set forth in Section 2 of this Article.
- B. As of the date of this Agreement the Company recognizes the following units:

Maintenance Shop

Amide Plant (Plant 38)

Instrument Mechanic Shop
Transport Unit
Cyano Unit (Plant 41)
Boiler Unit (a/k/a Utilities)
Pyridine/Picoline Plant (Plant 27)
Specialty Chemicals

Shipping/Packaging
Vinyl Pyridine Plant
Environmental Unit
General Operator Unit
*Buildings & Grounds
*Store/Receiving

Should the Company add to, subtract from, change, or merge units, it will bargain with the Union regarding the effects of its decision.

*Note: It is the Company's intention to outsource the Buildings and Grounds and Stores and Receiving functions. The company will agree in a side letter to "grandfather" the existing employees currently in these positions.

- C. Whenever more than one shift exists in a Unit, the employees in the Unit with the highest seniority will have a choice of shift, providing the employee on each shift can efficiently perform the work required. Shift preference for 3x3 or 4x4 employees will be a choice between either days or nights. An employee choosing to exercise a bump right must bump the least senior employee (i.e., if the bumping employee is on a night shift, the least senior employee on a day shift will be bumped). Each employee will be allowed to exercise his Unit shift preference no more than twice per calendar year in the same Unit and must work at least three (3) months on that shift before exercising another bump.

Section 2 – Probation

- A. New employees shall be considered to be on probation until they have actually worked ninety (90) days. Probationary employees may be discharged at any time without the Company assigning any cause therefore and said employees shall have no recourse to the grievance or arbitration procedure for such discharge. Should probationary employees be retained, they will become regular employees and their seniority shall be computed from their date of employment.
- B. All newly hired employees will be assigned to the General Operator Unit, except employees hired directly into the Maintenance Shop or Instrument Mechanic Shop. Newly hired employees in the General Operator Unit must successfully pass a training program within six (6) months to remain employed. After the probation period, any termination for failure to pass the required training may be referred to the grievance and arbitration procedure. If an employee in the GOU meets the qualifications for a position in the Maintenance Department, and there is no successful bidder, that employee may be considered for transfer before completing the GOU training.

Section 3 – Transfer of Seniority

Employees transferring into the bargaining unit covered by this Agreement shall start their plant seniority on the date they actually commence performing work within the bargaining unit. Conversely, any employees transferred out of the bargaining unit shall lose their plant seniority on the date of transfer, provided that any employee who transfers out of the bargaining unit after May 1, 1995, but who remains employed by the Company, and returns within six (6) months thereafter, shall not lose their plant seniority.

Section 4 – Seniority List

Quarterly, the Company will notify the Union of changes in the Seniority List. The Seniority List shall be posted on the Break Room Bulletin Board.

Section 5 – Unit Reduction

If a reduction in the number of work hours in a unit is necessary due to operational changes or a decrease in the Company's business, the Company may equally divide the remaining available hours by the number of employees in the unit as long as the employees do not have their hours reduced lower than 36 hours per week for shifts working 12 hour days or 32 hours per week for those working eight (8) hour days. This reduction in hours may not continue for more than a total of four (4) calendar months in a twelve (12) month period unless the affected employees in the unit volunteer to continue reduced hours for more than a total of four (4) calendar months.

Should the Company determine that a reduction in work hours is not practicable, or if a reduction in hours has been in

effect for the maximum allowed period, and the Company determines a reduction in the number of employees in the unit is necessary, the least senior will be removed subject to the ability of those remaining in the unit to do the work of the unit. Those ultimately reduced from the unit will be placed into a displacement pool if they are more senior than the least senior employees in the plant and the least senior in the plant shall be laid off subject to the ability of those remaining to perform the work available.

Employees in the displacement pool will be assigned by the Company to any open job. The employee will immediately begin receiving the rate of the job to which he/she is assigned. The employee will remain in the job to which the employee has been assigned subject to the right of the Company to assign the employee until the employee bids out.

Section 6 – Recall

An employee who has been laid off shall retain recall rights for twenty-four (24) months. Recall will begin with the most senior qualified employee. Notices of recall will be sent by certified mail, return receipt requested, to the employee's last known address. The Company will send a copy of such recall notices to the Union.

Section 7 – Leaves of Absence

Leaves of Absence: To the extent that federal or state law, including the Family and Medical Leave Act (FMLA) as defined in the Company's FMLA policy (which is incorporated by reference), provides greater rights than those provided in this Article and Agreement, that the federal and state law governs.

Personal Leave: The Company may grant an unpaid personal leave of absence, not to exceed ninety (90) days, and without loss of seniority rights. Upon mutual agreement extensions may be granted. Upon expiration of such leave, the employee will be returned to active employment with full cumulative seniority. The Company will approve or disapprove such leave.

Union Leave – Long Term Leave: Where Union members are employed on a full-time basis, either by the Local Union, District, or National Organization, they will be granted an unpaid Leave of Absence by the Company without loss of benefit accrual or seniority. At the end of such Leave, employees may return to work or may retire, if otherwise eligible.

Employees granted such Union Leaves of Absence will release all claims to the job classification they were assigned prior to such leave, but upon return to active employment shall be permitted to exercise seniority bump rights. If the employee wishes to return to work before his Leave has expired, he must give the Company thirty (30) days advance notice, unless such notice is expressly waived by the Company. No more than two (2) employees shall be on Leave of Absence under this section at one time. The Union shall supply the Company thirty (30) days notice of such leave.

Union Leave – Short Term: The Union shall notify the Company of short term leaves twenty-one (21) days prior to the start of a leave for any Union leave of fourteen (14) days or less in duration. The Union agrees that not more than three (3) employees will be on such leave at the same time without the approval of management. *In the event the notice is less than twenty-one (21) days, the Union must ensure the resulting absence is covered. Such leaves shall be for educational opportunities and other Union related activities. Where such notice is not provided twenty-one (21) days in advance, then such leave will be granted provided that it does not interfere with the operation of the plant.

FMLA Leave: The Company agrees to adhere to the Family and Medical Leave Act of 1993 FMLA and to its regulations and the state law and its regulations for all eligible employees in the bargaining unit. Employees may file grievances concerning FMLA and state leave law disputes.

1. The leave year for FMLA purposes shall be a rolling twelve (12) month year.
2. Employees on certified FMLA leave will not be required to utilize vacation for unpaid FMLA qualifying leave. However, where the leave is for a qualified family member and not the employee, the Company may require the employee to use up to a maximum of two (2) weeks of the employees vacation.
3. FMLA will not run concurrent with any other leave the employee may be eligible for. The Company agrees that the employee's benefits shall be continued during FMLA leave at no additional expense to the employees.
4. Employees returning from FMLA leaves shall be assigned to their original positions. Assignments to an equivalent position will only be permitted if the original position no longer exists or if the

- employee is physically incapable of performing the duties of the original position.
5. Any time spent on FMLA leaves shall be considered as time worked for the purpose of determining seniority.
 6. The Company's leave of absence policy will remain in place and be followed unless inconsistent with the FMLA or its regulations.

*Notwithstanding the Union's modified proposal; the Company agrees to excuse the full committee/officers (6 total) for a three (3) day training session, which will occur within thirty (30) days following ratification of this new Agreement.

Section 8 – Termination

- A. Seniority, Company service, and an employee's employment rights with the Company shall terminate if:
 1. The employee is discharged for just cause or quits.
 2. The employee on layoff is notified by certified mail to his last known address to report for work and fails to report within seven (7) days. In the event an employee's failure to return is due to an illness which prevents his return because of a serious health condition, he will be permitted to remain on layoff status for an additional six (6) months. To determine physical fitness, it is agreed that the services of a physician, chosen by the company, may be utilized. Should the employee disagree with the Company's appointed physician's diagnosis, the Company agrees to allow such employee to obtain a second (2nd) opinion from a physician of his choosing, and if such physician does not concur with the Company appointed physician, the Company and the Union will select a third (3rd) and final physician whose decision shall be final.
 3. The employee has been continuously laid off for twenty-four (24) months.
 4. The employee over stays a leave of absence.
 5. The employee is absent from work for three (3) or more consecutive days without notice unless failure to notify the Company is for good and sufficient reason.
 6. The employee is downgraded and refuses to accept a lower paying job, or if an employee who has been laid off, refuses recall to a job. Recall to a lower paying job shall not extend the period for which the employee retains recall rights to a higher pay job.
 7. The employee retires.
 8. The employee has been continuously absent from work for thirty-six (36) months for reasons other than those, which may be authorized according to Article VII.
- B. Employees shall inform the Company immediately upon change of address, telephone number, marital status, number of dependants, and additional insurance coverage's.

Section 9 – Job Bidding

- A. When a vacancy occurs or when a new position is created within the Bargaining Unit, the Company shall post a notice on the S.P.S. Lobby Bulletin Board for a period of ninety-six (96) hours, excluding Saturdays, Sundays, and Holidays, announcing the open position, the Unit which has the opening and the shift. The opening will be awarded to the qualified bidder with the highest site seniority who signs the notice (i.e. the bid sheet, or pre-bid sheet) of their intent to take the open position. Removing a name from the bid sheet, or pre-bid sheet, can only be done by the employee prior to the end of the position posting date and verified by the Company. An employee awarded an opening shall be given a fair trial for a period of not more than thirty (30) worked days on the awarded job. At the end of the trial period, if he is retained, the employee will be paid the highest rate for which he is qualified or his old rate, whichever is greater for a maximum of sixty (60) working days commencing from the date of transfer. As a result of job bidding, an employee will not be decreased more than two (2) labor levels (e.g. 14 to 10, 12 to 7) below the labor level held at the time of transfer provided that he has not bid into a classification whose top labor level is less than the top labor level of the classification that he held at the time of transfer. Training for advancement to higher labor levels will be offered as training opportunities become available.
- B. Employees will be allowed to "pre-bid" on positions not currently open. This pre-bidding process will be the responsibility of the OTD. Any grievances associated with the job award must be filed within five (5) days of the original job bid award.
- C. If at any time during the trial period the Company should decide that the employee cannot qualify or adapt

to the new position, he shall be returned to his former position if there is an opening. If no opening exists, he shall be placed in the General Operator Unit, and be paid his old rate for the remainder of the sixty (60) working days. However, if at any time during the first five (5) working days, on the new job, should the employee decide to not remain in the new job, they shall have the right to disqualify themselves and return to their former job if still open, if not, they will be assigned to GOU.

- D. All successful bid jobs must be worked for a period of not less than twelve (12) months before another bid can be made. A “successful bid” shall be defined to mean being accepted in the department at anytime during the trial period.
- E. The Company may choose to train the bidder on a shift other than on the one the employee will work. In this event, the successful bidder will be moved to that shift at the end of the training period. If there is no qualified bidder, the Company will assign the position to any employee(s) in the General Operator Unit with less than eighteen (18) months seniority. If there are no GOU’s with less than eighteen (18) months seniority, the Company will assign the lowest senior GOU to the position. Newly hired GOU employees assigned to an open position must work in the unit for a minimum of eighteen (18) months, from the date of hire, before becoming eligible to bid on any open position in the bargaining unit.
- F. Every effort will be made to transfer the successful bidder to the new work unit as soon as possible, but no later than thirty (30) calendar days from the date the job was awarded.
- G. No employee may bid into a unit wherein any level of management therein up to and including the unit manager is his parent, grandparent, sibling, child, grandchild, spouse or same of spouse.

Section 10 – Temporary Assignments

- A. A temporary Job will be offered by seniority to employees in the General Operator Unit who have the ability to perform the job requirements. If no one accepts, the Company will assign the job to the least senior employee in the General Operator Unit who has the ability to perform the work. If none are available from the General Operator Unit, the Company will assign the least senior employee from any Unit who has the ability to perform the work.
- B. Temporary assignments, except those made from the General Operator Unit, shall not exceed seventy-five (75) calendar days in a rolling year (12 month period) except when a Unit is shutdown or partially shutdown and it is possible to assign employees of that Unit to productive work in other Units or through the assigned employee’s agreement. He shall be paid at his current labor level or at a higher labor level if he is qualified. In this case, the Temporary Assignment will terminate when the employee’s Unit resumes operation.

An employee of the General Operator Unit shall be paid a minimum of Labor Level 4 or at a Labor Level attained in the Unit to which he is being temporarily assigned. This shall be determined by the performance appraisal rating system.

When and if an employee who normally works an eight (8) hour shift is assigned temporarily to a Unit normally working more than eight (8) hours per shift, he will be paid according to provisions in Article VIII, Section 2, except when the assignment is for one (1) day, in which case, he will be paid premium for all hours in excess of his regular shift schedule.

Section 11 – Sickness and Injury

- A. Any federal or state law (e.g. FMLA, ADA) that provides greater protection than provided by this Agreement shall govern an employee’s rights.
- B. In case of sickness or injury, which does not exceed two (2) years, the employee shall utilize his seniority to bump into the unit which he was in prior to his absence, but only if he is physically fit and able to perform his regular work to the satisfaction of the Company. To determine physical fitness, it is agreed that the services of a physician may be secured, such physician to be agreed upon by the Union and the Company.

- C. During such sickness or injury the employee will retain his seniority, and will be allowed to accumulate additional seniority, for a period of twelve (12) months. At the end of the twelve (12) months period, his seniority shall cease to accumulate but he will retain the accrued amount. If the sickness or injury is an event covered by workers compensation, the accumulation period will be twenty-four (24) months.

Section 12 – Qualification Defined

- A. The determination as to the qualifications to hold a given job and/or labor level is vested in management. In filling a job opening, the Company will select the most senior qualified bidder. The qualifications for the job will be identified in the job bid and shall be the required level of training, skills, and the physical requirements. When determining whether an employee meets the qualifications for a skill (labor) level increase, the Company will consider demonstrated performance. In making its determination, the Company will provide the employee the opportunity to describe his work experiences.
- B. Decisions as to whether an employee is qualified to retain a skill (labor) level or advance in labor level will be documented in a written performance appraisal. If ruled unqualified, the appraisal shall outline the training needed to improve and when the employee will be retested.
- C. Employees who are unable to perform, with or without a reasonable accommodation, the essential functions of their job because of a “disability” as defined by the Americans with Disabilities Act, will be laid off if unable to perform the essential function of an otherwise vacant position.
- D. Disputes over seniority and/or qualifications to perform a bid job or retain or advance in labor level may be referred to the Grievance/Problem Discussion Process.

ARTICLE VIII - HOURS OF WORK

Section 1 - Work Week

- A. The workweek for payroll purposes shall consist of seven (7) days commencing on Monday at 12:01 a.m. and ending on the following Sunday at 12:00 midnight. The workday for payroll purposes shall consist of twenty-four (24) hours commencing at 12:01 a.m. and ending at 12:00 midnight.
- B. The Company will determine the work schedule requirements for all operations. Under normal operating conditions, it is the Company's intention to schedule employees as follows:
 - 1. Continuous operations (12 hour shifts; 7 days a week) - Employees will work either a 3x3 or 4x4 shift during the life of this Agreement.
 - 2. Shift and Day work operations - Employees will be scheduled on a seven (7) day cycle to work five (5) consecutive days, Monday through Friday.

A decision to change work schedules will take into consideration the factors of cost and safety. Should the Company decide to change the work schedules set forth above, it will give the Union no less than 30 days advance notice and bargain with the Union regarding the effects of its decision.

Section 2 - Overtime Rates

- A. One and one-half times the regular hourly rate will be paid an employee for:
 - (a) All hours worked in excess of forty (40) hours in a work week or
 - (b) All hours worked in excess of the regularly scheduled hours per day prescribed by the schedule, except as provided in Article XIX, Section 3, or
 - (c) All hours worked in excess of the regular hours scheduled per workweek, provided the employee works all regularly scheduled hours, except as provided in Article XIX, Section 3.
- B. Allowed time, not worked, during funeral leave, union business or for clinic visits that interrupt normal working hours, shall be considered as time worked for the purpose of computing overtime. Nothing

contained in this agreement shall require the pyramiding of overtime or payment of premium pay more than once for the same hours worked.

Section 3 – Overtime

- A. The Union shall be responsible for distributing among its members the overtime hours the Company decides need to be worked. The Union shall also be responsible for establishing the rules by which it shall distribute that overtime to qualified employees. The Company will determine what the qualifications of a job are and who is qualified to perform same.
- B. The bargaining unit position of Overtime Distributor is created. The bargaining unit employee in this position is the person who shall distribute overtime on behalf of the Union. The Company will retain responsibility for performance evaluations and decisions regarding retention including the right to abolish the position after notification and discussion with the Union if the need for same goes away.
- C. On weekends and during work hours when the Overtime Distributor is not scheduled to work, the POC will assume the responsibilities of the Overtime Distributor and run the overtime offering list previously prepared by the Overtime Distributor. When the Overtime Distributor is absent or on vacation, the Union (Unit President or designee) will appoint one of its Stewards to perform the Overtime Distributor job.
- D. If the Overtime Distributor is unable to provide the Company a qualified employee to perform an overtime assignment, the Overtime Distributor will notify the shift supervisor. Should the Company elect to exercise its right to require the least senior qualified employee(s) to perform that overtime assignment(s), the supervisor will call qualified people in reverse order of departmental seniority until the supervisor is able to reach the number of employees needed.
- E. Errors in the assignment or offering of overtime made by supervision, but done in conformance with the list provided by the Overtime Distributor, shall be cured in the same fashion as if the error had been made by the Overtime Distributor. Any errors by supervision attributable to the supervisor disregarding or improperly running the list provided by the Overtime Distributor will result in overtime pay to the aggrieved employee of the number of hours of overtime actually worked by the employee who ends up improperly working the overtime opportunity in question.
- F. The Company agrees to provide an office in the plant for the Union's use.

Section 4 - Non-Bargaining Unit Employees

Except in emergencies; or while awaiting called in employees; or when called in employees fail to arrive; or during periods of training or research and development activity, no Vertellus employee outside the Bargaining Unit will perform work to circumvent the overtime provisions of this Article until a reasonable effort has been made to offer the work to (1) the Bargaining Unit employee who normally performs or (2) other Bargaining Unit employees who have the qualifications to perform the work. Activities in safety, environmental emergencies, and incidental housekeeping are exempt from this provision.

Section 5 - Report-In Pay

An employee who is scheduled to work and who does report for work shall be assigned a minimum of four (4) hours of work, or, if work is not available, he shall be paid for four (4) hours at his regular hourly rate. This provision does not apply if the Company renders notice of a schedule change at least one hour prior to the employee's scheduled starting time, or if the lack of work is the result of an act of God, fire, explosion, work stoppage, or power failure.

Section 6 - Call-In Pay

Employees called in to work outside their regular schedule shall be compensated at the applicable rate, but in no event shall they receive less than four (4) hours pay at their regular rate.

Section 7 – Overtime Notice

Overtime for which twelve (12) hour shift employees have been given four (4) hours advance notice and for which eight (8) hour shift employees have been given two (2) hours advance notice and overtime which employees have voluntarily agreed to work, will be considered scheduled overtime. Likewise, employees required to be held over to prevent an interruption in operations must work the hours. Scheduled overtime must be worked.

The Company is responsible for forced (involuntary) scheduling of overtime. The following is the procedure that will be followed for forced scheduling of employees.

1. If the voluntary coverage cannot be obtained for an overtime assignment after following each step of the Overtime Guidelines, the Company may then decide to schedule an employee or employees for the original overtime assignment. Employees available to work the full overtime shift will be scheduled before those available for only a portion of the shift. An employee may be involuntarily scheduled to work overtime as long as the total hours worked for the assignment do not exceed eighteen (18) hours.
2. The least senior qualified employee in the unit will be scheduled to work the assignment unless they have already been scheduled to work twelve (12) hours of overtime (either voluntarily or involuntarily) in the payroll period. If the least senior qualified employee has already been scheduled for twelve (12) hours of overtime, then the next least senior qualified employee who has not already been scheduled to work twelve (12) hours of overtime will be scheduled to work.
3. If all qualified employees have been scheduled to work twelve (12) hours of overtime in the payroll period, then the least senior employee who has not already been scheduled to work twenty-four (24) hours of overtime in the payroll period will be scheduled to work.
4. In the case of a 12-hour split shift, the least senior employee available for each half of the shift is assigned as described above. In short notice situations, employees available in the unit may be scheduled to work before attempting to contact off shift employees. A timely attempt will then be made to contact and schedule off-shift employees. If contact of an eligible off shift employee is then made, the on shift employees are removed from the schedule when that individual reports to work.
5. When an individual is involuntarily held over to perform work, refusal to work over will be considered walking off the job and is subject to discipline. However, if an individual works at least half of the assignment, he/she may leave work with proper notification of supervision. Any hours missed will be charged as absence according to the Attendance Policy.

Exceptions to the Site Involuntary Overtime Policy

Plant 27 and Plant 41

In step 4, the individual working the position where the absence on the following shift has occurred will be scheduled for the first 6 hours of the shift regardless of the seniority or hours of overtime scheduled in the week. For the second half of the shift, the least senior qualified employee available for the shift is assigned following steps 2 and 3 above.

Plant 38

When an 18-hour split shift force is required, the overtime blocks described in the policy will be broken into 6-hour blocks instead of 12-hour blocks. This is designed to minimize the chance that a person will be forced scheduled for multiple 18-hour shifts in a payroll period.

Section 8 - Shift Premium

All employees will be paid a premium of sixty cents (60¢) per hour for all hours worked on a continuous operation [3x3 or 4x4] between 10:00 p.m. and 10:00 a.m. and will be paid a premium of fifteen cents (15¢) per hour for all hours worked between 10:00 a.m. and 10:00 p.m. Employees on Shift and Day Work Operations will receive fifteen cents (15¢) per hour for hours worked between 4:00 p.m. and 10:00 p.m. and sixty cents (60¢) per hour for hours worked between 10:00 p.m. and 6:00 a.m.

Section 9 – Maintenance Coverage

In order to provide support to plant operations after hours, each maintenance mechanic is expected to be on-call for service. The company agrees that after six (6) months they will meet with the union to discuss the effectiveness of the program and review opportunities for improvement. This policy is separate from the current policy on “call in”/coverage for those employees classified as Control Mechanics, except that item 1(d) shall apply to control mechanics. The policy is as follows:

1. The on-call responsibility is rotated each payroll week. Typically, this will mean that the on-call week will run from Monday at 8:00 a.m. to Monday at 7:59 a.m. By December 15th of the preceding year, each Maintenance Mechanic will designate weeks in which they will be on-call (within first year of agreement details will be discussed). The weeks will be picked in seniority order until all weeks are covered.
 - a. Notwithstanding the above, a maintenance employee whom does not desire to be placed on-call may be permitted to give their on-call week(s) to another employee whom has the desire to cover such week(s).
 - b. The giving of the week(s) shall be to the senior employee who has a desire to accept such week(s) and where such does not otherwise conflict with the receiving employee's schedule.
 - c. Maintenance Mechanics may trade on-call time as long as each mechanic is in agreement and communicates the change to the individual who maintains the on-call schedule. Notwithstanding anything contained herein a maintenance mechanic may only be required to be "on-call-duty" of not more than three (3) calendar weeks per year except for weeks not covered by the current manning levels, where there are not volunteers, the junior employee(s) may be required to be on-call for one (1) additional week
 - d. Whenever an on-call maintenance mechanic is called in during a holiday, the employee will receive two (2) times their base hourly rate of pay, in addition to the Holiday Pay.
2. The Maintenance Mechanic on-call will be provided with a cell phone or an electronic pager. The Maintenance Mechanic is expected to remain in the central Indiana area and be able to respond at all times when on call.
3. The Maintenance Mechanic must respond to calls or pages from the plant within twenty (20) minutes.
4. In order to minimize disruption to personal hours, whenever possible, the Maintenance Mechanic may resolve the problem over the phone with plant personnel. Such working time will be paid time. For after hours work that does not require the Maintenance Mechanic to come to the plant, each Maintenance Mechanic is responsible for maintaining a log of hours worked troubleshooting over the telephone using the form provided for that purpose. Hours should be reported to the nearest 0.1 hour and approved by the POC or Team Leader. The form should be turned into payroll by Monday of each week for compensation at overtime rate.
5. While on-call, a Maintenance Mechanic will be free to engage in personal pursuits. If the Maintenance Mechanic's presence is needed at the plant site he/she should report to the plant as soon as practicable consistent with the above, but in any event within one hundred twenty (120) minutes. Reasonable accommodations will be made for employees with exceptional circumstances with the POC or management representative on duty.
6. Maintenance Mechanics will be paid for call-in work as specified by the Labor Agreement.
7. In addition to pay for all time worked as defined above, the Maintenance Mechanic on-call will receive an additional \$100.00 (one hundred) for each on-call week. Standard and customary payroll deductions will still apply.
8. It is essential for stable operation of the Plant that each Maintenance Mechanics honor expectations listed above. Failure to do so will not be considered a normal absence under the Site Attendance Policy. Violations of this policy will be addressed on a case-by-case basis.
9. The employee on-call shall not be required to perform other non-emergency work.
10. Employees' on-call will not be required to work more than sixteen (16) hours within a 24-hour period.

ARTICLE IX - HOLIDAYS

Section 1 - Recognized Holidays

Eligible employees shall be paid for the following holidays:

New Years Day (January 1 st)	Thanksgiving Day
Good Friday	Friday following Thanksgiving Day
Memorial Day	Christmas Day (December 25 th)
Independence Day (July 4 th)	December 24th
Labor Day	One (1) Floating Holiday

Section 2 - Overtime

One and one-half times the regular rate, in addition to holiday pay, will be paid an eligible employee for all hours of work performed by him on such celebrated holiday. An employee scheduled to work on a holiday shall not be eligible for holiday payment if that employee fails to report to work.

Section 3 - Eligibility

To be eligible for holiday pay, the employee must be a regular employee of the Company as of the date of the holiday. An eligible employee will be paid for such holiday on the basis of his regular scheduled work day at his regular straight-time hourly rate, regardless of the hours worked on the holiday, provided such employee works the full scheduled work day immediately before and the full scheduled work day immediately after such holiday, unless previously excused by written permission of his supervisor or the absence is substantiated by a medical doctor in writing, and submitted to the Company, no later than the payroll week following the week in which the holiday occurred. Straight-time pay for holidays shall include any shift differential to which he is normally entitled. (Absence of two hours or less on either or both of these days will not, alone, constitute reason for denying holiday pay.)

Section 4 - Effect of Leave of Absence

An employee who is absent from work the five (5) scheduled working days immediately before a holiday, is not eligible for holiday pay.

Section 5 - Floating Holidays

An employee's floating holiday will be taken at a time acceptable to the Company. A minimum notice of twenty-four (24) hours before the requested holiday is required. The floating holiday must be taken in the calendar year in which it is awarded.

Section 6 - Holidays Not Worked

Holidays not worked but paid for shall be considered as time worked for the purpose of computing overtime of an employee as defined in Article VIII, Section 2 except when the holiday falls on an employee's unscheduled work day.

Section 7 - Designated Floating Holidays

Employees who work on any of the nine (9) basic holidays listed in Section 1 shall have the option of receiving holiday pay, if eligible, or an additional floating holiday under the following conditions:

A. This option can be exercised three (3) times during each contract year.

B. The employee notifies his supervisor in writing seven (7) days before the holiday.

C. The floating holiday will be taken at a time acceptable to the Company and the employee submits a 24-hour notice to the supervisor. Floating holiday requests submitted far enough in advance to provide adequate time to get voluntary coverage (generally three weeks or more) would be approved in most circumstances. Examples of circumstances where such requests may not be granted are situations where multiple requests are received for the same day or circumstances in which the ability of the unit to operate effectively will be significantly impacted. In situations where notice of three weeks or more has been provided, force scheduling will be used if voluntary coverage has not been obtained.

D. Provisions of Article IX, Section 3 are followed.

E. The employee must take the designated floating holiday within 365 days from the day of the original holiday that the employee designated as a floating holiday. If not taken within this 365 calendar day period, the employee will be paid for the holiday.

ARTICLE X - VACATIONS

Section 1 - Length of Vacations

A. Each employee actively at work on January 1, who has worked at least sixteen hundred (1600) hours during the twelve (12) calendar months immediately preceding January 1, shall be entitled to a vacation with pay. The number of hours of vacation with pay to which an employee is entitled is determined as follows:

1. Employees with one (1) year but less than five (5) years of service with the Company shall receive eighty (80) hours of vacation with pay.
2. Employees with five (5) years but less than ten (10) years of service with the Company shall receive one hundred twenty (120) hours of vacation with pay.
3. Employees with ten (10) years but less than twenty (20) years of service with the Company shall receive one hundred sixty (160) hours of vacation with pay.
4. Employees with twenty (20) years but less than thirty (30) years of service with the Company shall receive two hundred (200) hours of vacation with pay.
5. Employees hired prior to 1/1/2008, with thirty (30) years or more of service with the Company shall receive two hundred forty (240) hours of vacation with pay.
6. New employees hired on or before October 1 will receive forty (40) hours vacation with pay after working six (6) months, providing they have worked a minimum of 800 hours, and an additional forty (40) hours vacation with pay after their Anniversary date, providing they have worked a minimum of 800 hours in the second six (6) months of employment. Employees hired after October 1 will receive forty (40) hours vacation with pay after working six (6) months, providing they have worked a minimum of 800 hours. After the first year of employment employees who gain additional hours of vacation may take them anytime in the Anniversary year.
7. Employees entitled to vacation hours may take all hours a day at a time. Vacation pay shall be determined by multiplying the employee's straight-time hourly rate, including any applicable shift differential, by the hours scheduled on the day or days taken by the employee.

B. Vacations shall be taken at times set by the Company. An employee may be required to take up to eighty (80) hours of vacation during a vacation shutdown of like or greater duration. Employees who have no paid vacation time left at the time of a vacation shutdown will be treated as on a personal leave of absence for up to two (2) weeks. Employees who schedule full work cycle vacation time at least three (3) weeks in advance of taking same may elect to not be called upon to work on the non-scheduled workdays before and/or after the scheduled vacation period.

C. An employee may at time of taking a vacation request additional accrued vacation pay in lieu of later taking such vacation time provided that every employee must actually take eighty (80) hours of vacation if entitled to same or forfeit the hours.

D. Employees who are entitled to more than eighty (80) hours of vacation may elect not to take some or all of those hours above eighty (80). If waived, such hours above eighty (80) will be paid to the employee in the second (2nd) pay period of December unless previously paid under the provisions of paragraph C. above or unless the employee has scheduled vacation to be taken in the last two (2) weeks of December.

Section 2 - Working Less Than 1600 Hours

An employee whose failure to work at least sixteen hundred (1600) hours during the twelve (12) calendar months immediately preceding January 1 was occasioned by: A work related injury/illness, provided they have worked at least 520 hours during the said twelve (12) months, or approved leaves of absence not exceeding a total of thirty (30) calendar days, will be entitled to their regular vacation hours with pay. This provision does not apply to employees with less than one (1) year of service with the Company.

ARTICLE XI - SICK LEAVE ALLOWANCE

Section 1 - Sick Leave Accumulation

Each employee who has at least one (1) year of service with the Company and who has worked a minimum of sixteen hundred (1600) hours during the preceding twelve (12) calendar months shall be eligible for sick leave allowance. An employee whose failure to work at least sixteen hundred (1600) hours during the twelve (12) calendar months immediately preceding May 1 was occasioned by: a work related injury/illness, provided they have worked at least 520 hours during the said twelve (12) months, or approved leaves of absence not exceeding a total of thirty (30) calendar days, will be entitled to their regular sick leave allowance.

Section 2 - Illness Verification

In all cases in which an employee requests a sick leave allowance, his inability to report for work because of illness, or injury must be certified by a physician legally licensed to practice medicine in the State of Indiana. The Company or a physician appointed by the Company may check on the employee's absence from work because of illness or injury if said employee request a sick leave allowance.

Section 3 - Waiting Period for Eligibility

A. When an employee whose normal work day is eight (8) hours, is absent from work because of illness or injury, he may be given the sick leave allowance starting with the eighth (8th) day of absence from his last regularly scheduled work day.

B. When an employee working other than an eight (8) hour day is absence from work because of illness, he may be given the sick leave allowance starting with the first day following a complete cycle of scheduled hours. (Example: An employee whose regular work schedule is twelve (12) hours per day for three (3) days and then no scheduled work for three (3) days would complete a cycle in six (6) days and would be eligible for sick leave allowance on the seventh (7th) day. In no event shall a cycle be less than six (6) days.

Section 4 - First-Day Eligibility

An eligible employee who is absent from work for more than two (2) complete work cycles or who is hospitalized because of sickness or injury may receive a sick leave allowance starting with the first day of absence from his last regular work day.

Section 5 - Sick Leave Pay

A daily sick leave allowance shall be computed by multiplying the employee's regular daily rate by seventy-five percent (75%). In the twelve (12) month period commencing with the day of this Agreement and each succeeding twelve (12) month period each employee who has one (1) year of service with the Company may receive eighty (80) hours of sick leave allowance. Each employee with ten (10) years or more with the Company may receive one hundred and twenty (120) hours sick leave allowance.

Section 6 - Maximum Accumulation

In addition each employee may accumulate all (100%) of the unused portion of his annual sick leave allowance toward future need up to a maximum of two thousand (2,000) hours.

Section 7 - Coordination with Workmen's Compensation

An employee who has been injured at work and is entitled to Workmen's Compensation benefits and who is eligible for sick leave allowance, may request a sick leave allowance to supplement the Workmen's Compensation benefits, the cost of which is now being paid by the Company. In such cases, the Company will pay the difference between such benefits and the amount the employee would receive under the sick leave allowance as computed above. The total of supplemental sick leave allowance payments under this Article shall not exceed the total benefits as determined in the case of a regular sick leave allowance claim.

Section 8 - Attendance

Employees are entitled under Article X, Section 1, of the Labor Agreement to take all of their vacation hours a day at a time with approval of supervision. Vacation requests submitted far enough in advance to provide adequate time to get voluntary coverage (generally three weeks or more) would be approved in most circumstances. Some representative examples of circumstances where such vacation requests may not be granted are:

1. Holidays
2. Situations where multiple requests are received for the same period
3. Circumstances in which the ability of the unit to operate effectively would be significantly impacted (i.e. site shutdown for Maintenance Personnel)

If the Overtime Distributor does not obtain coverage and the shift needs to be filled, unit scheduling will be used to cover the shift so that the requested vacation can be granted. It is the responsibility of the Overtime Distributor to notify the requesting unit that voluntary coverage was not obtained in sufficient time so that unit scheduling can be initiated

for complete shifts. Individual work teams may adopt their own vacation approval procedures in accordance with Article I of the Labor Agreement.

Article X, Section D of the labor agreement provides for “selling back” of vacation time under certain circumstances. For those who qualify to sell back time, the rate of payment for those hours will be at one and one half times normal base rate. Payment will be made through normal payroll processing and will be less standard and customary deductions. The Company recognizes that certain events not covered by the Sick Leave Policy, the Family & Medical Leave Policy or Vacation Policy may cause an employee to miss work. To cover such events, employees are granted Non-Paid Allowance Hours. Short-term illness, personal crises and other unavoidable circumstances may cause an employee to miss work. As part of each employee’s commitment to the Company and fellow employees, each person is expected to limit absences to only such unavoidable circumstances. The detailed procedures below describe the administration of absences charged to allowance hours. The procedures also describe the limits for late arrivals (tardy).

A. IMPLEMENTATION

This policy will be implemented on January 1 following the ratification of this agreement.

Implementation of this Policy is the shared responsibility of the Process Team and the Site Personnel Office.

A. Unit Supervision will schedule employees and record worked and missed time. A Work Team may assume any or all of these responsibilities.

B. The Site Personnel Office will ensure that all employee records are kept accurately.

II. ABSENCE PROCEDURES

The following procedures will apply to ensure that this policy is administered fairly and accurately for all covered employees:

A. On the date this policy becomes effective, each employee will be credited with the number of remaining allowance hours under the previous attendance policy.

B. Except as noted in C below, on January 1 of each subsequent year, employees who end the previous year with forty (40) allowance hours or more will be credited with allowance hours by adding sixty (60) allowance hours to the unused allowance hours in the previous year with the total not to exceed 120. Employees who end the year with less than forty (40) hours will be credited with allowance hours by adding thirty (30) allowance hours to their unused allowance hours in the previous year.

C. Non-Paid Allowance hours will be credited for new employees on a pro-rated quarterly basis, as follows:

- January through March 120 hours
- April through June 96 hours
- July through September 72 hours
- October through December 48 hours

D. On January 1 of the following year, new employees will be credited with allowance hours as follows:

- a. The employees’ absence percentage for the year just ended will be calculated by dividing the number of allowance hours used by the total available. As an example, an employee hired in October who used twelve (12) absence hours was absent 25% of the time (12/48).
- b. “Normalize” the absence % from step a to determine the number of hours they would have ended the year with had they worked the entire year and started with 120 hours. This number will be rounded to the nearest whole number. Using the example from above, the “normalized” allowance hours remaining would be 90. (120 hours reduced by 25% or 30 hours)
- c. If the “normalized” total from step b is forty (40) allowance hours or more, they will be

credited with allowance hours by adding sixty (60) allowance hours to the “normalized” allowance hour number, with the total not to exceed 120.

- d. If the “normalized” total from step b is less than forty (40) allowance hours, they will be credited with allowance hours by adding thirty (30) allowance hours to the “normalized” allowance hour number.
- E. If more than two (2) hours notice prior to the start of a shift is provided to the Company, all time missed will be charged to the employee’s Non-Paid Allowance Hours to the nearest 0.10 hour.

When less than two (2) hours notice is provided, all time missed will be charged to the employee’s Non-Paid Allowance hours at one and one-half (1.5) times the hours missed.

The Company recognizes that in rare occasions, despite the best efforts of the employee, circumstances beyond their control may prevent them from being able to give two (2) hours notice of their inability to report to work at the scheduled time. In such circumstances, where the employee ultimately reports to work no more than four (4) hours late, all time missed will be charged to the employee’s Non-Paid Allowance hours at straight time to the nearest 0.10 hour. A tardy will also be charged as described in section V.

- F. Under no circumstances will vacation hours be charged to absence hours.
- G. The trading of complete shifts, with a 48-hour notice, signed by both employees will be permitted within the same pay period. The shifting of hours will not be permitted unless allowed by the applicable unit rule or policy.
- H. Each employee is responsible for keeping track of his or her own Non-Paid Allowance Hours. The Company will provide the Union with a monthly report of attendance and will send, through their departmental supervision, advisory letters when the employee has approximately:

60 Non-Paid Allowance hours remaining

Such letters will contain the notice that once the remaining Non-Paid Allowance hours are used up, termination will result. However, failure to receive one or more letters at work or mailed to the employee's last known home address will not prevent termination. Disciplinary suspensions will not be given as part of this Policy.

- I. All time missed will be charged against Non-Paid Allowance hours except:

1. Industrial injury or illness
1. Authorized non-paid leaves, including FMLA leaves
1. The following paid leaves:
 - Holidays
 - Approved Vacation Hours
 - Military
 - Jury Duty
 - Funeral
 - Sick Leave, not covered under FMLA

- J. When Non-paid allowance hours are exhausted, termination will result.

- K. Absence notification

1. Absence must be reported to Security. Security will make a record and then notify unit supervision or the Plant Operations Coordinator (POC) of the absence.

2. Any absence, and the anticipated duration of the absence, should be reported to the Company as far in advance as reasonably possible.
3. Under no circumstances should an employee leave work without notifying and receiving permission from supervision. Failure to do so constitutes walking off the job and will result in discipline, up to and including discharge.

III. TARDINESS PROCEDURES

- A. A tardy is a late arrival, regardless if notice is given and regardless of any allowance hours charged. A tardy will be charged if an employee is more than 3 minutes late clocking in for the start of the shift.
- B. If an employee is tardy 15 times in a calendar year he/she will be terminated.
- C. Each employee is responsible for keeping track of his or her own tardiness. The Company will send, through their departmental supervision, an advisory letter when the employee has approximately 10 tardy marks in the calendar year.

IV. ATTENDANCE BONUS

Each regular hourly employee who works at least sixteen hundred (1600) hours in the calendar year and ends the year with more than seventy (70) Non-paid Allowance hours remaining will share in the bonus. Employees hired within the calendar year will be considered eligible employees if they work at least sixteen hundred (1600) hours in the calendar year and their "normalized" absence hours remaining at years end is more than seventy (70) Non-paid Allowance hours. The bonus will be calculated by determining the total allowance hours (including "normalized" absence hours) over seventy (70) remaining for each employee eligible for the bonus. These hours over seventy (70) will be totaled and that total will then be divided into \$38,000.00 to determine the payout per allowance hour, not to exceed \$50/hour. The payout per employee will be calculated by multiplying the payout per allowance hour by the number of allowance hours over seventy (70) remaining for each eligible employee. The payout will be less ordinary and standard payroll deductions.

ARTICLE XII - INSURANCE

Section 1 - Health Plan

The company reserves the right to make reasonable changes in the health, dental, life and vision plans annually. The company will meet and discuss these changes with the union prior to their implementation.

Section 2 - Co-Pay Provisions

The employees and the Company will share the cost of the insurance. The employee share of the cost towards this coverage will be based on 14%, with the employee contribution to be paid with pre-tax dollars pursuant to the Company's Section 125 Plan. The employee's contribution will be deducted on a weekly basis. Premiums are adjusted annually, on January 1st. Therefore, the employee's contribution will be adjusted on each January 1st. In the event that the tax laws change and the Section 125 Pre-Tax method of paying the insurance premium is no longer permitted, the employees' share of the premium will revert to 10% of the premium on an after-tax basis.

Section 3 - Alternate Health Plan

The employee will have the option to join any plan authorized by the Company as an alternative to the Health Plan described in Section 1 of this Article. The employee share of the cost will be the same as described in Section 2 of this Article.

Section 4 - Specific Coverage

The specific coverage's are defined in the actual Policies provided by the Health Care Companies, and these coverages will be available to employees when they enroll in a specific plan or change plans on an open enrollment date.

The company agrees to provide “same sex partner” benefits and has the right to promulgate reasonable rules regarding such benefits.

ARTICLE XIII - PENSION AND 401-K PLANS

A. The Reilly Industries, Inc. will continue its Pension Plan during the term of this agreement for those employees hired prior to the effective date of this agreement. It is further agreed that any change in the Pension Plan relating to qualifications or benefits made during the term of this agreement will apply to eligible employees at the Indianapolis Plant.

B. The parties agree that the pension plan will be closed to new participants on the effective date of this agreement. They also agree to a one time, “phased-in” increase of the pension multiplier. The “phased-in” increase will occur as follows

Effective date of Agreement: \$1.45
Effective date of Agreement +1 year: \$1.45
Effective date of Agreement +2 year: \$1.45

C. The company will offer a one-time “rule of 85” incentive for participants in the pension program. This program will be limited to a maximum of 5 participants per contract year for the three (3) years of this agreement. If more than 5 employees elect this option, the first five to elect the option will be eligible. Employees electing to participate in this incentive must provide the company with a minimum of 90 days notice prior to the date of actual retirement. Except that, should less than five (5) employees elect this option in year one and or year 2, then the company will allow up to a maximum of fifteen (15) employees, cumulative for three (3) years, to elect this option in the third year of the agreement.

D. The Company will continue its 401-K plan during the term of this Agreement. It is further agreed that any changes in the 401-K plan will apply to all bargaining unit employees, and the company match shall not be less than that being currently provided.

Effective July 1, 1999, employees are required to participate at a 3% contribution level unless they elect in writing to participate at some other level or to not participate.

ARTICLE XIV – METHOD OF PAYMENT

All employees will be required to maintain an account with a financial institution to which their pay will be deposited directly. Employees who do not establish a direct deposit account will be mailed their paychecks by first class mail.

ARTICLE XV - JURY DUTY ALLOWANCE

A. Employees will be excused from work for jury duty. If the fee received from the Court for Jury service is less than the employee's regular straight-time pay, the Company shall pay an amount equal to the difference between the fee and his straight time pay for all the time lost for which the employee would otherwise have been normally scheduled to work. Straight-time pay includes regular shift premiums.

B. This supplemental jury pay will not be allowed for any time exceeding thirty (30) calendar days in any one calendar year.

C. Neither day shift nor night shift employees need report to work before reporting for jury duty. An employee released from jury duty during his scheduled work shift must return to work within two (2) hours after being released unless less than two (2) hours of his regular shift would remain at the time of report.

D. An employee released between scheduled shifts must report to work no later than eight (8) hours after release or the start of his next scheduled shift if it is later.

E. When jury duty is for two (2) or more consecutive days, the rules for reporting back to work apply only to the last consecutive day.

F. As evidence of an employee's jury service, he will secure from the bailiff a jury work slip which he will turn in to the Personnel Office.

ARTICLE XVI - FUNERAL LEAVE

In case of death of the employee's grandchild, grandmother, grandfather, mother, mother-in-law, father, father-in-law, brother, sister, foster parent, husband, wife, son, daughter, or dependent stepchild, the Company will grant a leave of absence with pay for three (3) consecutive working days for the purpose of grieving and attending the relative's funeral. In addition, in the case of the death of a sister-in-law, brother-in-law, spouse's grandparent, great-grandchild, or still born child in the third trimester a leave of absence with pay for one (1) day will be granted for the purpose of attending the funeral. In case of deaths not covered above, requests for a leave of absence to attend the funeral will be considered.

ARTICLE XVII – HEALTH AND SAFETY

Section 1 – Safety Committee

- A. Representatives of the Company and five (5) members of the committee of bargaining Unit employees chosen by the Union shall meet monthly for the purpose of discussing safety matters as they pertain to the Company's Indianapolis Plant.

The duties of the Union Safety Committee shall be as follows:

- a. Meet with the company at least once a month on definitely established dates, and to have available at their request, a report of all employees injured in the Plant during the period since the last meeting. At the monthly meeting the Company will inform the Union of progress made on properly filed safety complaints and all safety related projects.
- b. To make inspections of the Plants each month as to health and safety devices, and as to their proper application and use.
- c. To record on Safety and Health Complaint Forms unsafe and harmful conditions to help eliminate unsafe and harmful work practices, a copy of the write up shall be provided to Company representative.
- d. To promote health and safety education.

Any employee who feels that an undue safety hazard exists on his job should first take it up with his Supervisor. If it is not resolved in this manner, the employee may report the problem to his Union Safety Committee for consideration by the Committee. He may also file a grievance. Any such grievance shall be exempt from the arbitration process.

- B. The Unit President and Unit Vice-President will be members of the Site Safety Leadership Team (SSLT).

Section 2 – Protective Work Clothing

The Company will continue to provide protective work clothing; namely gloves, raincoats, overshoes, boots, goggles, safety spectacles, dust respirators, face shields, and other protective equipment as the Company determines is necessary for the protection of its employees. The above listed equipment will be issued to those employees requiring it in performing their assigned jobs.

Section 3 – Compliance with State and Federal Laws

The efforts of both the Company and the employees will be directed toward maintaining all the equipment and tools in safe and efficient working order. The applicable regulations and safety conditions required by both the Federal and State governments in the interest of protecting the lives and health of the employees will be strictly observed by both the Company and the employees.

Section 4 – Union Commitment to Safety

The Union shall instruct its members to comply fully with safety rules of the Company and with rules adopted under Federal and State Occupational Safety and Health Acts. The Union shall assist in the prevention of water and air pollution by urging its members to avoid overflowing tanks, spilling material and promptly report faulty equipment.

The Union shall encourage its members to improve constantly the caliber of work performed and the quality of product manufactured.

Section 5 – Safety Shoes

All employees are required to wear safety shoes.

Section 6 – Uniforms

The Company will pay the cost of uniform rental, Employees working continuous shifts (3x3) (4x4) will be provided four (4) uniform changes per week. Employees working shifts consisting of five (5) consecutive days will be provided five (5) uniform changes per week. Each employee will be responsible for loss replacement of uniforms. In the event an employee's service with the Company is terminated, either voluntarily or for cause, his last payment of wages will be held up to two (2) weeks by the Company until all uniforms and issued Company property have been returned or paid for. Cost of missing issued equipment will be deducted from the pay.

Section 7 - Clothing Allowance

At the end of each contract year the Company will pay to each employee Two Hundred Fifty Dollars (\$250.00) less any deductions for safety shoes and accessories that can be charged using a Company voucher during that year and less ordinary and standard payroll deductions.

Section 8 - Tool Allowance

A. The Company will pay One Hundred Seventy Five Dollars (\$175.00), less ordinary and standard payroll deductions, at the beginning of each contract year to employees of the Units designated "Maintenance Shop" and "Instrument Mechanics" to help offset the cost of tools they are required to maintain. Employees who enter these designated jobs after the beginning of a contract year will be paid on a pro-rata basis.

B. Employees who are eligible for the reimbursement are required to maintain a personal set of hand tools to meet the requirements of their regular job assignment. Replacement tools must be of industrial quality.

C. The Company will not replace tools.

ARTICLE XVIII – WORKERS COMPENSATION

The Company agrees to cooperate toward the prompt settlement of employees on-the-job injury claims when such claims are due and owing.

The Company shall provide Workmen's Compensation insurance for all employees.

ARTICLE XIX – SAFETY, EDUCATIONAL PROGRAMS, AND TRAINING

Section 1 – Required Training

If an employee is required by the Company to attend school or safety meetings, he shall be paid for the actual time he spends in such activity at his regular hourly rate.

Section 2 – Voluntary Training

An employee who attends voluntary or under a voluntary plan set by the Company shall not be paid for the time spent in said voluntary attendance.

Section 3 – Training Encouragement

In order to encourage training, the parties agree as follows:

- a. A supervisor may perform the work of an employee who has been relieved to perform training during that shift, and
- b. A supervisor may train an employee on an operation by having the person who normally performs the operation on which the employee is to be trained, perform the operation of the employee who has been released to be trained, and
- c. In those weeks an employee is scheduled to work 36 hours, the Company may schedule that employee to be trained for up to four (4) hours at straight time pay as long as those four (4) hours

occur, in whole or in part, at the beginning or at the end of their scheduled workday(s) in that week. If the training is to occur on a day the employee is scheduled off, it will be paid on straight time only if the employee volunteers to take that training on that day off.

Training is defined as:

“Training includes activities necessary (1) to maintain or improve qualifications and/or skill level, and/or (2) retain or attain certification, and/or (3) informational and communications meetings at all Indianapolis Operations employees are required to attend.”

ARTICLE XX – BULLETIN BOARDS

The Company will provide bulletin boards for the use of the Union for the posting of its meeting notices and for other Union business notices for its members. The Company reserves the right to remove any material which may be disparaging, defamatory, or which may constitute discrimination or harassment.

ARTICLE XXI – NON-DISCRIMINATION

Section 1 – Company and Union Commitment

The Company agrees that it will not discriminate against an employee or applicant for employment for or on account of his affiliation or activities with the Union. The Company and the Union agree not to discriminate against any employee with respect to the employees compensation and terms or conditions of employment because of such employees race, color, religion, age, sex, sexual orientation, national origin or status as a qualified individual with a disability.

Section 2 – Gender Used in Labor Agreement

Throughout this Agreement the use of the term “employee” is construed to include both the masculine and feminine gender and any specific reference to one shall also include the other.

ARTICLE XXII – WORK ASSIGNMENTS

Because of the Research and Development activities and the experimental nature of the work done at this plant, it is agreed that the Company will respect the jurisdictional rules of the Union only to the extent that no employee in the Bargaining Unit will be laid off because his normal work is performed by an employee outside of the Bargaining Unit for the purpose of training, handling emergencies, Research and Development activities, and the start up, evaluation, or “de-bugging” of equipment.

ARTICLE XXIII – MAINTENANCE OF STANDARDS

The company agrees that changes to any well-known established practice or procedure that both parties are actually aware of regarding wages and/or terms and conditions of employment not covered by a specific provision of this Agreement will be explained and discussed with the Union before they are implemented. If the Union thinks the change is unreasonable, the Union will have the right to challenge the reasonableness of the change under the Grievance Article of this Agreement. The attendance policy is incorporated herein.

ARTICLE XXIV – SANITARY CONDITIONS

The Company will provide for the health and safety of its employees during working hours at the plant. The Company agrees to provide adequate lockers, heated shower and washrooms, clean, well ventilated eating rooms, locker rooms and toilets. The employees agree to cooperate in an effort to keep these facilities clean and sanitary.

ARTICLE XXV – PAYROLL RECORDS

In case an employee questions the computation of his wages, the Company shall furnish for examination by the Union the information necessary to establish the accuracy of the payroll computation in question.

ARTICLE XXVI – INSPECTION PRIVILEGES

An authorized agent of the Union may meet with an authorized representative of the Company and/or Unit President or a designated alternate at any time and place that is mutually agreeable to the Company and Union, during working hours, for the purpose of discussing matters relating to the administration of this Agreement.

ARTICLE XXVII - SHOP STEWARDS

Section 1 - Stewards' Rights

The Company recognizes the right of the Union to designate a Unit President, Unit Vice President four grievance committeepersons, and an appropriate number of stewards to represent the employees from the Company's seniority list.

Section 2 - Stewards' Area(s)

The union shall appoint the appropriate number of stewards at a ratio of 1:15 (one steward for every 15 represented employees). If the ratio is a decimal of 5 or greater the number shall be rounded up, if it is less than 5 the number shall be rounded down.

The Union shall provide a list of each steward(s), and their shift(s) to the company and keep the same up to date.

Section 3 – Stewards' Authority

A. The authority of the Unit President or alternates so designated by the Union shall be limited to, and shall not exceed, the following duties and activities:

- (1) The investigation and presentation of grievances in accordance with the provisions of this Agreement.
- (2) The transmission of such messages and information, which shall originate with, and are authorized by, the Local Union or its officers, provided such messages and information (a) have been reduced to writing, or (b) if not reduced to writing, are of a routine nature and do not involve work stoppages, slow downs, refusal to handle goods, or any other interference with the Company's business.
- (3) The Company shall compensate the Unit President or his designee to do Union business a maximum ten (10) hours per week, of which, the Union agrees to provide ample notice to the Company as to the day and time(s) the Unit President seeks to use as Union business. The Union agrees to work with the Company in scheduling such time as to avoid interference with the operation and further, the Union agrees to work with the Overtime Distributor, when necessary, to ensure coverage for the Unit President's absence, if required.
- (4) The Company shall provide office in the plant for the Union's use.

Section 4 – Stewards' Limitation

No employee has the authority to take a strike action, or any other action interrupting the Company's business, and in no event shall the exercise of duties of as a Unit President or alternate interfere with the Stewards' job responsibilities and performance on the job.

Section 5 – Disciplinary Sanctions

The Company and the Union recognize these limitations upon the authority of the Bargaining Unit President or alternates. The Company in so recognizing these limitations agrees not to hold the union liable for any unauthorized acts. The Union in so recognizing these limitations agrees that the Company shall have the authority to impose proper discipline, including discharge, in the event an employee has taken unauthorized strike action or have in any way interfered with the Company's right to operate its plant in a normal manner.

Section 6 - Union and Company Meetings

In order to promote harmonious relations, it is agreed that representatives of the Company and the Union (maximum of five (5) employees) will meet monthly to discuss subjects of mutual interest.

ARTICLE XXVIII - NO STRIKE/NO LOCKOUT CLAUSE

A. This instrument constitutes the entire agreement between the parties and during its term, including any extensions, renewal, or modifications, the Union guarantees the Company that it will not authorize any strike, boycott, picketing, slow-down or other type of organized interference with the Company's business. The company agrees during the term of this agreement the company will not lockout the employees.

B. In the event any violation of this provision occurs which is unauthorized by the Union, the Company agrees that there shall be no liability on the part of the Union or any of their officers or agents, provided that, in the event of such unauthorized action, the Union meets the following conditions:

- (1) Upon request by the Company, the Union shall immediately certify to the Company in writing that such action is unauthorized.
- (2) The Union shall, without delay, direct its members both orally and in writing to return to work notwithstanding the existence of picket lines.
- (3) The Union shall not question the right of the Company to discipline or discharge employees engaged in, participating in, or encouraging such action, or employees who fail to report for work after being directed to do so in accordance with paragraph 2. An issue of the fact as to whether or not any particular employee has engaged in, participated in, or encouraged any action set out in this Article shall be subject to the Grievance Procedure.

ARTICLE XXIV – SEPARABILITY AND SAVINGS CLAUSE

- A. If any article or Section of this Agreement or if any riders thereto should be held invalid by operation of law or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any Article or Section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement and any rider thereto, or the application of such Article or Section to persons or circumstances other than those as to which it has been held invalid or as to which compliance with or enforcement of has been restrained, shall not be affected thereby.
- B. In the event that any Article or Section is held invalid or enforcement of compliance with which has been restrained, as above set forth, the parties affected thereby shall upon the request of either party, enter into immediate collective Bargaining negotiations for the purpose of arriving at a mutually satisfactory replacement for such Article or Section during the period of invalidity or restraint. If the parties do not agree on a mutually satisfactory replacement, either party shall be permitted to use all legal or economic recourse to support of its own demands notwithstanding any provisions in this agreement to the contrary.
- C. If the Company reinstates the position of Over-the-Road Truck Driver (OTRTD), the Company will bargain with the Union regarding all terms and conditions of employment regarding these positions.

ARTICLE XXX - TERMINATION OF AGREEMENT

This Agreement shall become effective September 15, 2007, except that Appendix A will become effective May 1, 2008. This Agreement shall remain in full force and effect until the end of the last day of September 15, 2010. Written notice of termination or desired modification must be given at least sixty (60) days prior to the expiration date by either of the parties hereto.

The Post Office address of the Union is 9402, Suite 600, Uptown Drive, Indianapolis, Indiana 46256. The Post Office address of the Company is 300 North Meridian Street, Suite 1500, Indianapolis, Indiana 46204-1763.

United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial
and Service Workers International Union
on behalf of Local 1999

Vertellus Specialties, Inc.

Leo Gerard, International President

Scott Smith, Vice President,
Human Resources

James English, Int. Secretary-Treasurer

Bernard Szalkowski, Site Manager

Thomas Conway, Vice President, Admin

Matt McLaughlin, Regional Human
Resources Manager

Fred Redmond, Vice President, Human Affairs

John Bosman, Maintenance Manager

James Robinson, Director District 7

Ray Hull, Process Team Leader

Randy C. McKay, Sub District 3 Director

Bargaining Committee Local 1999

Bruce Reed, Business Representative 1999

Charles Jones, President Local 1999

Carl Thompson, Unit President

Chris Scala

Judd Bowman

David Ashburn

Art Corman

APPENDIX A - WAGES

<u>Labor Level</u>	<u>Current Rates</u>	<u>1st Year 5/1/08</u>	<u>2nd Year 5/1/09</u>	<u>3rd Year 5/1/10</u>
LL-14	25.49	+.70	+.70	+.70
LL-12	25.02	+.70	+.70	+.70
LL-10	24.33	+.70	+.70	+.70
LL-8	24.07	+.70	+.70	+.70
LL-7	23.94	+.70	+.70	+.70
LL-5	23.79	+.70	+.70	+.70
LL-4	23.74	+.70	+.70	+.70
LL-2	23.11	+.70	+.70	+.70
LL-1	20.30	+.70	+.70	+.70

The Company reserves the exclusive right to establish the Labor Level requirements for all operations.

Each new employee shall start at \$4.00 per hour below the rate for the job for the first six (6) months, and shall be \$3.00 per hour below the rate for the job for the next six (6) months, \$2.00 per hour below the rate for the job for the next six (6) months, and \$1.00 per hour below the rate for the job for the next six (6) months. At the end of such two (2) years, they shall be advanced to the job rate.

If the company is unable to hire qualified personnel, the company reserves the right to accelerate the new employee wage schedule.

APPENDIX B - LABOR LEVELS

As of the date of this Agreement the Company has assigned the following Labor Levels to the plant's Units:

<u>UNIT</u>	<u>LABOR LEVEL</u>
Overtime Distributor	14
Maintenance Shop - Maintenance Mechanics	7 - 10 - 12 - 14
Instrument Mechanic - Instrument Mechanics	4 - 7 - 10 - 12 - 14
Utilities	4 - 7 - 10 - 12 - 14
Cyano Plant - Chemical Operator	4 - 7 - 10 - 12 - 14
Pyridine/Picoline Plant - Chemical Operator	4 - 7 - 10 - 12 - 14
Packaging Warehouse Employee	5 - 8 - 10 - 12
Receiving/Stores - Warehouse Employee	5 - 8 - 10 - 12
Transport Unit - Transport Operator	10 - 12
Specialty Chemicals Chemical Operator	4 - 7 - 10 - 12 - 14
Amide Plant - Chemical Operator	4 - 7 - 10 - 12 - 14
Vinyl pyridine Unit - Chemical Operator	4 - 7 - 10 - 12 - 14
Environmental Unit - Environmental Operators	4 - 7 - 10 - 12
General Operator Unit - Chemical Operator	1 - 4
Buildings & Grounds - Janitor	1
Laborer	2 - 4

The company reserves the right to outsource as described within this contract.

Agriculture and Nutrition units consist of: Cyano unit (Plant 41), Utilities Unit, Pyridine/Picoline Plant (Plant 27), and the Amide Plant (Plant 38).