

SUMMARY

Proposed Agreement

between

**Gerdau Ameristeel
(Beaumont Plant)**

and the

United Steelworkers



March 1, 2007

Gerdau Ameristeel Beaumont Agreement

Dear USW Member;

The summary you are about to read represents more than two years of very difficult bargaining and enormous effort by you and your Brothers and Sisters in the United Steelworkers. It also represents solidarity that extends around the globe, from Beaumont, Texas to Brazil to Spain. We did not win every battle and there are aspects of this contract which are not exactly where we want them to be, but the reality is that we have a Union contract with a company which seemed absolutely focused on destroying our Union. We have come through this fight stronger and more certain of our solidarity than ever before. We stand ready to continue to defend our contract and the rights of Gerdau workers, not only in our Union, but across the world.

It is important to take a moment to remind ourselves of this struggle, to reflect on how strong we can be when we stand together and to put into perspective the victory that this agreement represents. This story is your story, the story of workers standing up to a global company who wanted to strip away all of our rights, including our right to stand together and be heard.

In November of 2004, Gerdau Ameristeel completed its purchase of North Star Steel from Cargill. Gerdau Ameristeel's CEO and Chairman of the Board, Phillip Casey made a career out of opposing unions and he approached the North Star acquisition with the same attitude. By May of 2005 he had locked out the workers at Beaumont. His attitude was that our Union stood in his way of making more money and he intended to destroy it. As the agreements at the other North Star facilities opened up, Gerdau extended their Union-busting tactics to them as well, using a high profile anti-Union law firm to conduct their "negotiations."

Gerdau's idea of negotiating was to strip the contract of all of the rights that we have fought to achieve over many years. Gerdau management wanted to eliminate the standard working hours and to be able to assign us to work when and if it suited them with no regards for the lives and responsibilities we have outside the plant. Their scheduling rights would have also extended to our vacation and our overtime language would have been gutted. They went after our seniority protections and tried remove the very successorship language that forced them to come to the table and talk with our Union at all. And they wanted to expand their Management Right's clause to override any protections that they might have forgotten to take out.

By irresponsibly locking out the workers at Beaumont and taking a harsh stance with the other locations, Gerdau expected us to crumble.

We did not crumble, but we came together and fought for our rights in ways that the company never expected. For seven long months the brave and dedicated Brothers and Sisters at Beaumont stood firm against the company and demonstrated that they would not be intimidated out of their hard won rights.

We expanded the Unity Council to include all of the USW locations at Gerdau and throughout the year we strengthened our bonds with several Unity Council meetings and numerous joint actions including hard hat stickers and practice pickets. Our Brothers and Sisters in Canada

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and from the former Sheffield Steel locations were quick to stand up beside us and offer their support. We escalated the worldwide corporate campaign that was being waged against Gerdau to educate the company's stakeholders around the globe on the way the company was treating its North American workers.

Our union brothers and sisters in Brazil have been instrumental in helping us win contracts. They have eagerly participated in Unity Council meetings and actions - including getting kicked out of the Gerdau-Ameristeel headquarters in Tampa while a delegation of USW leaders from Gerdau plants delivered petitions signed by all of you to support our bargainers. And on the flip side, they hosted USW members to come to Brazil and tell other Gerdau workers and government officials about our struggle for contracts in the United States. This was undoubtedly a key component of our campaign, and we will continue to build relationships with Gerdau workers around the world, including Brazil, Argentina, Colombia, Peru, Chile, Spain, and Uruguay.

We cannot allow the company to forget that our campaign is only on pause as a result of the settlement of these agreements. The Unity Council will remain on high alert to see if the company reaches fair settlements with our Brothers and Sisters at the other Steelworker locations. If they do not, we are ready to restart the campaign in high gear and none of us will rest until all of us are treated fairly.

We want to take a moment to remember Bernie Kleiman. Bernie's death was a blow to us all and for many of us, not only did we lose an able guide and leader, but a friend as well. The impact that Bernie's hard work and unflinching commitment to our struggle had on this process cannot be forgotten.

Please read the following summary with the long struggle we have had with this company in the front of your mind. You should not forget those issues where we may have come up short, but use them to firm your resolve for the next round of bargaining and to enforce your contractual rights that we have, together, fought to maintain. More importantly, as you review the tentative agreement, remember the great progress we have made and all of the important aspects of this contract that we have protected. The fact that we still have a Union contract at all is a direct result of your continued commitment, strength and solidarity....and proves our motto that together we are stronger than steel.

Leo Gerard
International President

Jim Stewart
Director, Collective Bargaining

Mickey Breaux
Director, District 13

John Patrick
Asst. Director, District 13

Condition and Term of Agreement

The proposed agreement will take effect upon ratification and is scheduled to expire on March 31, 2010.

ULP Settlements

As a condition of settlement, we have been able to reach a resolution in our favor to a number of our most important outstanding Unfair Labor Practice charges (ULPs). This is a huge win, eliminating years of uncertain litigation, and it was only possible due to the solidarity and perseverance of our members. The following list highlights our victories:

- Payment of all lost overtime premiums from Dec 12, 2005 to March 1, 2007; payment within 30 days of ratification. Any dispute over payment goes to grievance/arbitration.
- Payment of all lost vacation pay from Dec 12, 2005 to March 1, 2007; payment within 30 days of ratification. Any dispute over payment goes to grievance/arbitration.
- 50% reimbursement of increased prescription co-pays between Dec 12, 2005 and March 1, 2007. Affected employees must provide documentation of prescription drugs purchased at the increased co-payment levels by April 30, 2007; payment by May 30, 2007. Any dispute over payment goes to grievance/arbitration.
- Employees affected by the Company imposition of the Working Spouse Rule will be fully reimbursed any premium amounts paid by their working spouse in excess of \$100 per month for the period beginning Dec 12, 2005 and ending March 1, 2007. Affected employees must provide documentation of premiums paid by April 30, 2007. Payment by May 30; any dispute over payment goes to grievance/arbitration
- Reduction of attendance points and attendance related discipline between Dec 12, 2005 and March 1, 2007, points and discipline to be re figured based on old attendance plan.
- Agreed to a resolution process for situations where contracting out and supervisors doing unit work may have delayed employee recalls from lockout. If the parties can't reach agreement, dispute goes to arbitration.

- During the lockout, two of our Brothers became permanently disabled. When we returned to work, the company simply turned their backs on these two loyal union employees and treated them as if they had never worked for Gerdau. Due to our continued pressure throughout negotiations, we were able to force the company to finally do the right thing.

Both of our Brothers will be awarded Disability Pensions. Service for purposes of Pension benefit calculation will include service with Cargill and Gerdau. The pension of each Brother will be paid retroactive to their original date of eligibility for Social Security Disability. Both Brothers are eligible to participate in the retiree health care plan offered through the VEBA.

Scheduling

Changes to Posted Schedules

In the previous contract, anyone whose schedule was changed after it was posted would receive overtime for the hours worked on the first shift that resulted from the change. The company tried to remove this from the current contract but we were successful in preserving it.

Overtime Scheduling

When the company schedules overtime, the most senior qualified volunteer gets the first choice of his day, the second most senior gets the second choice, etc. If there are not enough volunteers, the company will schedule overtime in reverse seniority order, the least senior person being required to work the first, the second least the next, etc.

Emergency Overtime and Call Offs

The company wanted to expand its ability to force scheduled overtime in the event of an emergency; we were able to maintain our existing protections.

Designated Relief

Designated Relief language has been clarified and the company now has the right to require up to four hours of overtime for the unrelieved employee in the event of lack of proper relief while they find a replacement.

Workplace Protections

Safety and Health

We have agreed to a modest reduction to the number of members on the Safety and Health Committee. Health and Safety remains a very important issue to the Union and we will continue to use every means at our disposal to insure that the company fulfills its obligation to provide a safe working environment for our members.

Arbitration

The arbitration language has been extended and clarified. Time limits for notice by the Union and request of panel by the company have been extended to 15 days each. The time limit for the issue of decision by the arbitrator has been extended to 45 days.

Other Language Changes

Scrap Yard

We were successful in getting the employees of the scrap yard to be covered by our agreement. We now have language which will provide a solution to the "on-call" situation at the scrap yard.

Maternity & Medical Leave

The law requires that Leave for the birth of a child be treated as any other disability. Employees requesting leave for this purpose or for other medical reasons will be granted such leave for a period of up to six months. An employee may request additional leave. However in no event will Medical Leave be granted for a period greater than two years. Medical Leave will generally be unpaid, except for applicable sickness and accident (short term disability) payments and will run concurrent with any Family and Medical Leave granted. All Medical leaves are subject to medical substantiation. Employees may continue to receive Employer paid health coverage during Medical Leave providing the employee continues to make Employee Health Plan contribution in the amount set out in the Labor Agreement.

Union Leave

The Union Leave section has been expanded and clarified with details for Leave for the International Union as well as full time positions within the Local Union. Employees may continue to receive Employer paid health coverage during Temporary Positions (Section 5.5e(1)(b)) and Temporary Local Union Assignments (Section 5.5e(2)(b)) providing the

employee continues to make Employee Health Plan contribution in the amount set out in the Labor Agreement.

Insurance Benefits on Leaves other than Medical and Specified Union Leaves (Sections 5.5e(1)(b) and 5.5e(2)(b))

Employees may continue to participate in Employer provided health coverage when on Leave by paying the full COBRA premium. Affected employees will receive an HIPPA notice as well as information concerning COBRA continuation of coverage.

Union Committee

One representative per shift from the Scrap Yard has been added to the committee.

Training

The company will periodically form teams that with input from the Union will determine training needs and opportunities in the plant.

Past Practice

While the company has tried to take away our Past Practice rights, we have been able to reach a compromise. All current past practice will be formalized and any which are challenged by the company will be subject to arbitration. The Past Practices not challenged or deemed in place by the arbitrator will become the list of enforceable past practices.

Wages and Job Classifications

Wages

| <u>LG</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| B | 12.25 | 12.35 | 12.50 | 12.80 | 13.10 | | | | | | |
| C | 13.55 | 13.65 | 13.85 | 14.30 | 14.75 | 15.00 | 15.40 | 15.80 | 16.20 | 16.60 | 17.00 |
| D | 14.95 | 15.10 | 15.35 | 15.85 | 16.35 | 16.65 | 17.05 | 17.50 | | | |
| E | 16.35 | 16.55 | 16.90 | 17.40 | 17.90 | | | | | | |
| F | 17.75 | 18.05 | 18.45 | 18.95 | 19.45 | | | | | | |
| G | 18.85 | 19.30 | 19.90 | 20.50 | 21.10 | | | | | | |
| H | 19.65 | 20.30 | 21.10 | 21.80 | 22.50 | | | | | | |
| I | 20.45 | 21.25 | 22.05 | 22.95 | 23.90 | | | | | | |
| J | 21.25 | 22.15 | 22.95 | 23.95 | 25.00 | | | | | | |

Employees whose current rate of pay is above the above listed rates who were employees as of May 26, 2005 will remain "red-circled." Language has been negotiated to grant these employees raises through out the contract until the new pay scales catch up with their current rate.

Job Description and Classifications

The Job Description and Classification Manual will no longer be used; the company will now be responsible for writing the description and justifying their proposed pay rate. The description and rate will be reviewed as before by the Job Description and Classification Committee and if an agreement can not be reached, the JDCC has the ability to access the grievance procedure.

Job Classifications

| <u>Grade</u> | <u>Job Title</u> |
|--------------|-----------------------------|
| A | Hire In |
| A | 6 Months |
| A | 12 Months |
| A | 18 Months |
| A | 24 Months |
| A | 30 Months |
| B | UBG laborer |
| C | Utility Person (Scrap Yard) |
| C | Steel Making Laborer |
| C | RM Utility |
| D | Switchman (Scrap Yard) |
| D | Conveyor Attendant |
| D | Consumable Storekeeper |
| D | Purchasing Storekeeper |
| D | Shipper Clerk |
| E | Crane Operator (Scrap Yard) |
| E | Burner/Crane Operator |
| E | QA Inspector |
| E | Shipper |
| E | Finish Operator B |

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| | |
|---|------------------------------|
| F | Charging Crane Operator |
| F | Mechanic C |
| F | Billet Yard Coordinator |
| F | Finish Operator A |
| F | Machinist C |
| F | AC Repairer C |
| F | Refractoryman |
| | |
| G | Mechanic B |
| G | Casting Crane Operator |
| G | Machinist B |
| G | AC Repairer B |
| G | Refit Mechanic B |
| G | Mill Operator B |
| | |
| H | Mechanic A |
| H | Environmental Specialist |
| H | 2 nd Helper |
| H | Machinist A |
| H | AC Repairer A |
| H | Mold Mechanic |
| H | Mill Operator A |
| H | 2 nd Caster |
| H | Electrical Tech C |
| H | Maintenance Multicraft C |
| H | Refit Mechanic A |
| | |
| I | Mill Feed / Furnace Operator |
| I | Electrical Tech B |
| I | Maintenance Multicraft B |
| I | First Melter |
| I | First Caster |
| | |
| J | LRF Operator |
| J | Electrical Tech A |
| J | Maintenance Multicraft A |

Health and Welfare Provisions

The bargaining of the health and welfare provisions was particularly difficult. The Company insisted that they have complete latitude to change the specific provisions of your health benefits as well as amend the premium amount you pay at anytime, whenever they wished. In addition the Company insisted that if you were married and your spouse had a health care plan available to him/her, that your spouse enroll in that program no matter the cost.

The Union was adamant in its objection. Your Bargaining Committee fought very hard to place at least some restrictions on the Company's ability to amend coverage. The final settlement in this area does not provide us all of the protections we had fought for, but does provide limited reassurance.

All employees will have available to them two programs of health coverage. The Standard Plan which is provided at no cost to the Employee and the Premium Plan which has a premium associated with it.

The Standard Plan generally pays benefits after a \$500 deductible at 80%. Once the Employee has incurred out of pocket expenses of \$2,000, excluding the deductible and co-payment amounts paid, the Standard Plan pays at 100%.

The Premium Plan generally pays benefits after a \$200 deductible at 90%. Once the Employee has incurred out of pocket expenses of \$2,000, excluding the deductible and co-payment amounts paid, the Standard Plan pays at 100%.

Both Plans include a retail and mail order prescription drug benefit.

Both Plans permit the Employee to cover eligible members of his family for an additional monthly premium.

The grid below details the Employee's monthly Medical/Rx contribution requirements:

| Status | Premium Medical/Rx Plan | Standard Medical/Rx Plan |
|---------------------|-------------------------|--------------------------|
| Individual | \$49.00 | \$0.00 |
| Individual plus One | \$93.00 | \$22.00 |
| Family | \$143.00 | \$44.00 |

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Below is a brief Plan Year 2007 Design Summary:

| Provision Description | Premium Plan | Standard Plan |
|----------------------------------|---|---|
| Deductible | | |
| Individual | \$200 | \$50 |
| Family | \$400 | \$1000 |
| Out of Pocket Maximum | | |
| Individual | \$2,000 | \$2,000 |
| Family | \$4,000 | \$4,000 |
| Lifetime Benefit Maximum | \$1,000,000 | \$1,000,000 |
| Plan Co-insurance | 90% | 8% |
| Preventive Services | \$20 Co-payment; not subject to Plan Deductible | \$20 Co-payment; not subject to Plan Deductible |
| Hospital Expense | | |
| Inpatient | \$200 co-payment thereafter paid at 90% | \$200 co-payment thereafter paid at 80% |
| Outpatient | 90% | 80% |
| Medical - Surgical | 90% | 80% |
| Other Outpatient Services | 90% | 80% |
| Skilled Nursing Facility | 90% - 60 Day Annual Limit | 80% - 60 Day Annual Limit |
| Home Health Care | 90% - 120 Visit Annual Limit | 80% - 120 Visit Annual Limit |
| Hospice | 90% - 30 day Lifetime Limit | 80% - 30 day Lifetime Limit |
| Mental Health | | |
| Inpatient | \$200 co-payment thereafter paid at 90% | \$200 co-payment thereafter paid at 80% |
| | \$20 Office Visit Co-payment - | \$20 Office Visit Co-payment - |

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| | | |
|-----------------------------------|---|---|
| Outpatient | 40 Visit Limit | 40 Visit Limit |
| Substance Abuse | | |
| Inpatient – Detox & Rehab | \$200 co-payment thereafter paid at 90% | \$200 co-payment thereafter paid at 80% |
| Outpatient | \$20 Office Visit Co-payment – 30 Visit Limit | \$20 Office Visit Co-payment – 30 Visit Limit |
| Pre-certification Required | Employee Responsibility | Employee Responsibility |
| Prescription Drugs | | |
| Retail | \$5 | \$5 |
| Generic | \$30 | \$30 |
| Brand Formulary | \$50 | \$50 |
| Non Brand Formulary | | |
| Mail Order | | |
| Generic | \$10 | \$10 |
| Brand Formulary | \$60 | \$60 |
| Brand Non Formulary | \$100 | \$100 |

Employees may participate in a Dental Plan of coverage. This Plan utilizes a Preferred Provider Network. This means whenever you select a Network dentist you will not be balanced billed.

Benefits are generally paid at 80% after you have satisfied the calendar year deductible of \$50 (\$100 family), up to a maximum annual benefit of \$1,500 per covered person. Orthodontia coverage is paid at 50% and is limited to a Lifetime benefit of \$1,500.

The grid below details the Employee's monthly Dental Plan contribution requirements:

| Status | Dental Plan |
|---------------------|-------------|
| Individual | \$7.00 |
| Individual plus One | \$15.50 |
| Family | \$22.50 |

Vision Benefit Plan

The Company will also provide the Davis Vision Plan to active employees and their dependents. This Plan offers both a network and non-network benefit. To receive maximum benefit of the Plan it is important that services be received within the network whenever possible. If you participate in either the Standard or Premium Hospital Medical Plans you will automatically participate in the Vision Benefit Plan.

Other Welfare Benefit Provisions

Life Insurance

An Employee's active life insurance is equal to 2080 hours multiplied by the Employee's hourly base rate. Thus if the Employee's hourly base rate is \$21.00, his life insurance coverage for the year is equal to \$43,680.

Employees may purchase additional life insurance as well as accidental death and dismemberment insurance at their option.

Sickness and Accident Benefits – Short-term Disability Protection

Current employees, in the event of an off the job illness or injury may receive Sickness and Accident benefits equal to 67% of base wage, but not greater than \$502 per week.

Employees may purchase, at their option, additional sickness and accident benefits up to a maximum of 77% of base wage, but not greater than \$577 per week.

Long Term Disability Protection

Short-term disability benefits are paid for up to six (6) months of disability. If an employee continues to be totally disabled he may apply for Long Term Disability benefits.

Long Term Disability benefits are paid at a rate of 67% of base wage less any Social Security payments or Workers' Compensation Payment or other statutory payments to which the Employer contributes. Long Term Disability benefits are a new benefit for this bargaining unit.

Flexible Benefit Plan

All employees will participate in the Flexible Benefit Plan offered by the Company. This plan allows you to select the benefit programs that are most attractive to you and pay for the out of pocket welfare benefit expenses associated with those selections on a pre-tax basis.

The above benefit levels and premiums are subject to change annually. Any changes proposed by the Company will be implemented in January of each respective year of the Labor

Agreement. Only Plan changes and premium changes that are made throughout the US Corporation may be implemented.

Pension Plan Provisions

Consistent with the terms of our 2005 Labor Agreement, the Company implemented and must maintain a pension plan with the same benefit provisions as were in place with Cargill prior to the date of the sale. Employees are credited with all years of service for purposes of eligibility and vesting. Employees are credited with service on and after November 1, 2004 for purposes of benefit accrual.

The Pension Plan covering bargaining unit employees includes a provision for an unreduced retirement at age 65 or age 62 providing the employee has at least 10 years of service. In addition an employee may retire as early as age 55, however his pension benefits will be reduced to reflect his receipt of benefits for the additional years associated with an early retirement.

Upon ratification of the Labor Agreement the Pension Plan multiplier will be increased to \$43.00 per month /per year of service, for all service on or after November 1, 2004.

When an employee retires he will receive a part of his benefit from the Cargill Pension Plan and a part of his benefit from Gerdau Ameristeel US Pension Plan.

Resolution of Deferred Vested Pension Issue

Some bargaining unit employees as a result of the sale of the facility to Gerdau Ameristeel will suffer a loss of pension benefits if they retire from Cargill prior to age 65. Not all employees are affected.

Employees who were not age 55 or older and did not have at least 10 years of service on October 31, 2004 will receive a reduced pension from Cargill in the event they retire prior to age 65. This is because their Cargill pension benefit will be calculated consistent with that of a deferred vested pensioner. The reduction factors associated with a deferred vested pension are much greater than those factors associated with an early reduced pension.

The Union recognized this as an injustice to all affected. In an effort to reduce the impact of this situation the Union negotiated a Special Pension Supplement. Our negotiated Special Pension Supplement does not affect any rights that employees may have against Cargill or the Cargill Pension Plan.

The Special Pension Supplement will be paid to only those employees who retire under the provisions of this proposed Labor Agreement or retired under the provisions of the terminated Labor Agreement on or after November 1, 2004.

Who is Eligible?

- Employees who retire between November 1, 2004 and March 31, 2010; and
- Were not age 55 on or before October 31, 2004; and
- Had at least 10 years of service on or before October 31, 2004

What will the Employees who retire from Gerdau Ameristeel before March 31, 2010 be eligible to receive?

- A deferred vested pension benefit from the Cargill Hourly Pension Plan; and
- An Early or Normal Gerdau Ameristeel pension benefit based on service on and after November 1, 2004; and
- A one-time lump sum payment of \$15,000. This lump sum payment will be subject to normal income taxes and Union dues.

Retiree Health Coverage

Employees hired on or before January 13, 2004 are eligible to participate in the jointly administered Voluntary Employee Benefit Association (The VEBA).

A VEBA is a special tax-exempt entity, in our case a trust, created to fund the payment of retiree medical benefits, to its members and their designated dependents and beneficiaries, participating in the trust.

A VEBA operates as an independent entity with financial reporting and auditing requirements. Participating employer(s) and/or employees may fund a VEBA. Assets of the VEBA are distributed from the trust as required to meet the plan's financial obligations such as the payment of benefits and administrative expenses associated with its operation. VEBA assets are insulated from creditors and may not be distributed to the contributing employer upon termination of the VEBA trust. VEBA funds will be used solely for USW eligible retirees.

The primary advantages of the VEBA are the tax-exempt treatment of investment income and the increased security of benefit payment for participants.

The VEBA Trustees administer the VEBA. An equal number of Trustees are designated by the USW and by the Company. These Trustees hold and invest the assets of the Trust and make benefits payments or purchase health insurance and pay related VEBA expenses.

From the inception of the VEBA, its success was entirely dependent on the Company funding the VEBA adequately. That meant that the Company had to make adequate hourly

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contributions or make additional contributions in the form of lump sum payments to be sure the VEBA received the necessary funding to maintain viability.

Getting the Company to agree to the funding schedule below was clearly the result of your resolve and that of your Committee. Below is the schedule of contributions that will be made to the VEBA.

Hourly Contributions - The Company will contribute to the VEBA \$.30 per hour paid to each employee in the bargaining unit at the Beaumont facility.

Fixed Lump Sum Contributions - The Company will contribute within 30 days of the Company's publication of its' Annual Report for years 2006, 2007 and 2008 the sum of \$375,000 per year.

Advanced Lump Sum Contributions - The Company will contribute within 30 days of the acceptance by the Bargaining Unit of the Collective Bargaining Agreement, an Advanced Lump Sum Contribution to the VEBA Trust of \$500,000. The Company will make a second Advanced Lump Sum Contribution on or before January 1, 2008 in the amount of \$500,000 and a third Advanced Lump Sum Contribution on or before January 1, 2009 in the amount of \$500,000.

Variable Profit Based Contributions - In the years 2007, 2008, 2009 and 2010 the Company will make a 12-1/2% Variable Profit Based Contribution. This contribution is dependent on the Company making a profit that is in excess of a "Threshold" amount.

The "Threshold" amount is dependent on whether the new Bar Mill that is planned has been ordered; not ordered; or ordered and producing commercial product for a minimum of six (6) months. The "Threshold" ranges from 12% to 20%, depending on the new Bar Mill's state of operation.

If the Company does make a profit at Beaumont and Variable Profit Based Contributions are made, than any Advanced Lump Sum Contribution that has been made will be an offset to the Variable Profit Based Contribution.

Finally, in no event will annual contributions of any type exceed \$1,500,000 and over the term of the Labor Agreement the maximum combination of contributions may not exceed \$5,000,000.

While this contribution arrangement is rather complex, this arrangement will insure that the VEBA, in addition to hourly contributions, will receive no less than \$2,625,000 in lump sum contributions over the term of the Labor Agreement. And if the Beaumont facility is sufficiently profitable the VEBA could receive up to an additional \$2,375,000 in lump sum contributions.

This funding arrangement represents a real success. We will have to pursue contributions of this magnitude in the coming years. It is important that we maintain our solidarity and our resolve through the coming years.

Other Economic Issues

Ratification Bonus

We have negotiated a lump sum ratification bonus of \$1,000.

Payday

Paychecks will now be available at the Security Station on Friday at 6 AM regardless of the employee's normal work pattern.

Partners in Performance (PIP)

Current incentive and profit sharing plans have been replaced with a Partners in Performance (PIP) plan.

Overtime

Overtime has been a contentious issue since negotiations began. The company wanted to strip our overtime provision to provide overtime only for time worked over 40 hours, as required by law. After a long and difficult fight, we were able to preserve all of our overtime language including the overtime triggers and limits on the time the company can force us to work. The only exception is Article IV, Section 4.8(e), which imposed penalties on the company for the misapplication of certain overtime language.

This is a major victory which was only possible because of our solidarity and perseverance.

Vacation

The vacation section has been significantly rewritten, with the following highlighted changes:

An employee must work a minimum schedule of 30 hours/week to be eligible for vacation.

| Service | Vacation Time |
|----------------|----------------------|
| <1 year | 1 week per 6 months |
| 1 - 5 years | 2 weeks |
| 5 - 15 years | 3 weeks |
| 15+ years | 4 weeks |

Vacation pay is now 40 hours per week, rather than the 56 from before.

Members with more than five years of service as of May 26, 2005 will be grandfathered during the term of this agreement at 160 hours of vacation.

An additional hour of vacation time is earned for each month that the employee has perfect attendance.

