

SUMMARY

**Proposed Agreement
Between International Paper - Mills
and the United Steelworkers**



United Steelworkers

2007 Proposed IP Mills Master Agreement

This proposed Agreement will cover the following locations:

Georgetown Mill, SC
Vicksburg Mill, MS
Riverdale Mill, AL
Texarkana Mill, TX
Courtland Mill, AL
Louisiana Mill, LA
Pineville Mill, LA
Prattville Mill, AL
Savannah Mill, GA
Ticonderoga Mill, NY
Pensacola Mill, FL
Augusta Mill, GA
Franklin Mill, VA
Riegelwood Mill, NC

In a procedure fought for by our Union and vigorously resisted by IP for decades, the USW has established a vote process for this Master Agreement that will apply equally across the IP Mill System. The process for ratification will be based on one member, one vote. A vote will be conducted by each local union according to the procedures at each location. The results from each location will then be totaled and each member's vote will count equally. The majority of the total votes cast across the IP Mill System will determine the results.

Ratification Vote will be held
Thursday, August 23, 2007
at your Local Union

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To: All USW Members at International Paper (IP) Mill Operations

Fellow Steelworkers:

Three years ago, nearly a thousand delegates from the paper industry met to kick off our National Paper Bargaining Program. The objective of that conference was to drive fundamental change in the way the industry bargains contracts with the Union as a way to secure our standard of living and even strengthen the future of the industry itself.

At the time it was thought that this endeavor would take a generation to show major success. But a lot has changed in three short years. Our Union became stronger through the merger of the USWA and PACE and the NPB program was immediately given more prominence and support by assigning this effort to one of our Union's Vice Presidents. Today, two short years after the merger, there has been a dramatic and strategic breakthrough in our paper bargaining program with the biggest and historically most confrontational company in the industry.

We are pleased to report that after over a year of negotiations with International Paper (IP) and with the Local Leadership steadfastly behind us, we have reached a proposal that -- for the first time in the history of our union -- will provide the same economic and security benefits at all 14 USW IP Mill locations under one Master Agreement. Never in the history of bargaining in this sector have we had the opportunity for a single agreement covering so many matters at so many locations. This proposal establishes an important precedent with the declared industry leader that is necessary in reaching similar agreements with other paper companies.

The proposal is in the form of a Master Agreement and makes the following breakthroughs:

- **Best overall flat dollar pension in the industry**
- **Substantial contributions to retiree health care funding**
- **One collectively-bargained industry-standard health care plan that cannot be changed**
- **Critical industry-leading successorship protections immediately imbedded in every contract that insures our contract remains in place in this era of buying, selling and merging in this sector**
- **Important job security protections safeguarding against arbitrary workforce reductions**
- **First mandated, routinely-conducted company-paid, union-collaborative national health and safety conferences**
- **Joint USW-IP public policy committee with the opportunity to include other industry players, to advance and preserve the industry in North America to include issues like health care, tariffs and biofuels**
- **Guarantee of neutrality procedures during organizing campaigns to strengthen our membership**

The new challenges presented in today's world required us to focus our gains beyond wage increases. Nobody can escape rapidly escalating health care costs and retiree health care funding was an absolute priority in these negotiations. The proposed agreement realigned the IP wage structure and substantially increased lump sums to secure our health care and achieve substantial benefits for our retirement.

In an important move on wages, the agreement creates a uniform National Wage System that would create balance within IP's wage system, stop the industry trend of paying workers differently who perform the same job with the same skills based on where they live, and help secure our jobs into the future. In a structure that would apply to new hires only; the agreement would gradually standardize wage rates from a system of over 1,000 wages rates across the 14 IP mills with little or no uniformity to a national wage structure of 46 wages rates for the entire mill system, and establish those rates at the top 20th percentile in the industry.

The proposed Master Agreement is for four years and will end on a common date with a process to reach a new agreement prior to its expiration. Local expirations and bargaining are maintained under the Master to focus on language and issues at the location level.

Building for the Future

This proposed agreement was brought about by building upon the best traditions of PACE and our new USW union. A theme we have carried forward from our January 2006 Paper Conference is that bargaining is not a spectator sport. In other words, our ability to win a good contract and make gains in this industry is directly related to the strength and activism that our membership exhibited at the floor of every mill and in every local union. We have worked with all locals in this sector, including our IP facilities, to bring Building Power courses to generate member activism in contract campaigns. The activism and solidarity of our IP local union leadership, including our converter locations, was critical to achieving this first Master Agreement in the sector.

When our National Paper Bargaining Program began, the industry resisted our efforts and declared that they would not bargain with us at a common table on common matters affecting all locations. However, when IP met with us over a year ago, to discuss successorship for the locations it was selling, we communicated our displeasure at the inefficient bargaining process in this sector. We also related our desire for common table bargaining to advance our interests and IP's and set the stage for master bargaining on economics and security issues with this industry. IP agreed to explore the concept of common table bargaining. We met with your Local Leadership who agreed to give us the time necessary to see if we could come to an agreement with IP. Throughout this process, your IP Local Union Leadership remained patient and stood in solidarity together and with us.

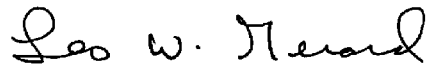
This proposed Master Agreement shatters decades of table-by-table bargaining traditions in this sector. Without the force of a common expiration date, we achieved a Master Agreement proposal on economics and security items that will terminate on a common date. This common expiration date creates a fundamental shift in how we will bargain with IP in the future – giving us the opportunity to focus our solidarity on one national table for a concentrated period of time, rather than on 14 tables over a period of years. To build upon our achievements, and capitalize upon the opportunity we have won, we must begin now to strengthen our solidarity and prepare for the future. In other words, we cannot let this Master Agreement be the end; we must make it a mere beginning.

To that end, the USW has hosted a series of regional meetings with IP Local Union leadership across the country to formulate a long-term plan to build our power together by mobilizing and engaging our members and setting a course of action to build our solidarity in our locals and across the entire IP system. We will continue that process and we remain steadfast in our resolve to achieve a Master Agreement for the IP Converter locations.

In conclusion, we remain committed to the activist course we have set for changing the way we bargain in the paper sector. This proposed Master Agreement with IP moves us further along that path, by achieving critical breakthroughs both in bargaining process and economic and security precedents. Most important, it provides a platform for us for achieving even greater future gains through membership activism and solidarity.

The following summary provides details of the proposed agreement. We urge you to read it carefully, discuss it at work and with your family and ask any questions you may have. We trust as always that you will make your decision in the best interests of your family, your community and your Union.

In solidarity,



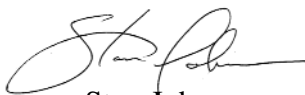
Leo W. Gerard
International President



Richard LaCrosse
Vice President &
IP Bargaining Chair



Jon Geenen
District 2 Director &
IP Bargaining Co-Chair



Stan Johnson
District 9 Director &
IP Bargaining Secretary

Term of Agreement and Renewal

If ratified, the proposed Master Agreement shall become effective on the date on which it is executed by the Union after it is ratified. The agreement shall be four years in duration and expire four years after its effective date.

Sixty days prior to its expiration, the parties shall meet and attempt to reach a successor Master Agreement.

Local Contracts

Local contracts will be modified immediately upon the effective date of the Master Agreement to include the following changes in accordance with the Master Agreement:

1. One PPO active medical health care plan, as described below, for all mill employees, effective Jan. 1, 2008;¹
2. Contributions to the Retiree Medical Savings Program (RMSP), as set forth below;
3. Industry standard successorship language;
4. Implementation of a national wage system for new hires; and
5. Joint communications on the Dependent Care Reimbursement Account (DCRA), as described below.

Local contracts will then continue in full force and effect until their scheduled expiration date when they will be automatically renewed with no interruption for a four-year period. Under the proposed Master Agreement, the automatically renewed agreements will be known as "Renewal Agreements." The Wage Schedule described below shall apply to the Renewal Agreements upon the currently scheduled expiration date of the Local contract.

Regularly scheduled local bargaining shall occur on issues not covered by the Master Agreement; however, if the parties are unable to reach an agreement, the original provisions will remain in effect and neither party will have the right to lock-out or strike during these discussions. This is an important protection in this era of corporate language changes that work toward the detriment of the protections in our contracts that we have fought for and defended for many years.

Further, the inability to reach a successor Master Agreement shall not affect the local contracts, and they shall continue in full force and effect through their individual expiration dates.

Economics

Wages

The wage schedule currently in place in the local agreements shall remain for the course of the agreement. Then the following wage schedule shall apply to the Renewal Agreements that will occur automatically upon the expiration date for each local contract:

¹ The Savannah Mill will continue its EPP plan and in-house medical clinic

Date	Wage Increase / Lump Sum
Existing Expiration Date	2% GWI
First Anniversary of Existing Expiration Date	\$1,000 Lump Sum
Second Anniversary of Existing Expiration Date	2% GWI
Third Anniversary of Existing Expiration Date	\$1,000 Lump Sum

Retirement Benefits

Retiree Health Care

Without action, IP retirees including those on Medicare, but especially pre-Medicare retirees, would continue to see their retirement income eaten up by increasing health care costs. The USW was committed in these negotiations to make inroads on addressing this critical need for retired and retiring paper sector members. This was one of the most difficult and complicated issues in these negotiations but we were determined to make progress on this issue and the outcome was to achieve substantial contributions to assist retiring IP members to meet their health care expenses. More than that, we drove a stake in the ground on an issue affecting many retiring members in the paper sector.

Effective January 1, 2008, IP will increase its match for its Retiree Medical Savings Program (RMSP) from a dollar-for-dollar up to \$160 per month, to a \$2 dollar match for every one dollar contributed by employees up to \$80 per month.

In a significant precedent for the industry, the Master Agreement provides for additional and substantial contributions to the RMSP in two phases. Upon the effective date of the National Agreement, IP shall make a Year One Contribution to the RSMP for employees according to the following table. Twenty-four months after the effective date of the National Agreement, IP shall make the Year Three Contributions.

Age on Effective Day of Agreement	Year 1 Lump Sum	Year 3 Lump Sum
50 – 53	\$2,000	\$1,500
54 - 57	\$4,000	\$3,000
58	\$6,000	\$3,500

If a new National Agreement is reached in 2011, employees age 50 to 53 on the effective date of the National Agreement shall receive a \$3,500 contribution in Year One.

These lump sum payments will be significant in enabling workers who want to retire early to do so with

funding available for health insurance as the chart below shows:

Retiree Medical Savings Plan Contributions Under the Proposed Agreement					
AGE	COMPANY MATCH (NOT INCLUDING EMPLOYEE MONEY)	COMPANY LUMPS	TOTAL COMPANY MONEY	EMPLOYEE MONEY (ASSUMING \$80 PER MONTH CONTRIBUTION BY EMPLOYEE)¹	TOTAL AVAILABLE FOR RETIREE HEALTH
50	\$19,200.00	3,500.00	\$22,700.00	\$9,600.00	\$32,300.00
51	\$17,280.00	3,500.00	\$20,780.00	\$8,640.00	\$29,420.00
52	\$15,360.00	3,500.00	\$18,860.00	\$7,680.00	\$26,540.00
53	\$13,440.00	3,500.00	\$16,940.00	\$6,720.00	\$23,660.00
54	\$11,520.00	7,000.00	\$18,520.00	\$5,760.00	\$24,280.00
55	\$9,600.00	7,000.00	\$16,600.00	\$4,800.00	\$21,400.00
56	\$7,680.00	7,000.00	\$14,680.00	\$3,840.00	\$18,520.00
57	\$5,760.00	7,000.00	\$12,760.00	\$2,880.00	\$15,640.00
58	\$3,840.00	9,500.00	\$13,340.00	\$1,920.00	\$15,260.00
59	\$1,920.00	9,500.00	\$11,420.00	\$960.00	\$12,380.00
60		9,500.00	\$9,500.00		\$9,500.00
61		9,500.00	\$9,500.00		\$9,500.00

¹ Employees can contribute up to \$160 per month but will only receive the \$2 for \$1 company match on the first \$80 of their contribution. Full \$160 employee contributions would double the amounts in this column.

Pension Improvements

Although retiree health care was a major issue in these negotiations, we did not lose focus on the need for pension improvements. In a move that will advance the multiplier marker forward for the entire industry, the monthly service multiplier shall be increased to \$50 for all years of service. This increase will be offered to the Primary Mill Joint Pension Council (PMJPC) upon execution of the Master Agreement and shall go into effect as ratified by the PMJPC.

The USW has fought the industry trend in this sector and others to exclude new hires from a defined benefit plan and instead provide a 401(k) defined contribution plan as the only source of retirement. While we were not able to eliminate a difference in the defined benefit pension for new hires, we were able to preserve this important benefit for them with a multiplier of \$45, which is above the average for the rest of the sector.

These multipliers will give IP workers among the highest flat dollar multiplier pension benefits in the industry as the chart on the following page shows.

Company	Average High Multiplier
P.C.A.	\$30.88
Wausau Paper	\$32.00
Koch - Georgia Pacific	\$38.04
Smurfit Stone	\$39.13
Stora Enso	\$39.50
Appleton Papers	\$39.73
SCA	\$40.00
Sappi	\$40.00
Domtar-Weyerhaeuser	\$40.13
Weyerhaeuser	\$41.26
New Page	\$42.25
MeadWestvaco	\$43.25
IP – New Hires	\$45.00
Kimberly Clark	\$48.00
IP – Current Employees	\$50.00
	\$40.61

Active Employee Insurance Benefits

Active health care was among the most difficult and critical issues in these negotiations. IP had a long-established Benefits Architecture (BA) plan that offered three different health care plans. Under BA, employees could choose between exposing their families to extremely large deductibles and out-of-pocket expenses or pay large monthly employee premiums. IP also had an annual right to make up to a 5% change in the PPO plan design, the plan that most IP mill employees chose for their health care.

The USW took the position that all IP mill workers deserve high-quality health care benefits and those employees with serious health conditions that may use the plan more should not be forced to pay more simply because they are in poor health. We stood firm on the principle of one health care plan for all that cannot be changed without agreement by the parties and that the plan must meet industry standard principles of deductibles, co-insurance and premium sharing.

After more than a year of discussion on the matter, the USW prevailed. Effective January 1, 2008, the National Agreement provides for one collectively-bargained PPO benefit plan for all IP mill employees

(the Savannah Mill will continue its EPP plan and in-house medical clinic). IP gave up its right to make the annual 5% change in the plan design. In other words, the levels of benefits can only change upon agreement by the both parties. The agreement also restricts IP’s ability to change vendors, plan administrators and benefits consultants if such a change would create a material change in the level of service, quality and breadth of networks or access to care.

Faced with these bargaining challenges, it was necessary for us to agree to modest changes within the industry standard on the deductibles and co-insurance, but those changes will only go into effect on January 1, 2012, should the parties be unable to come to an agreement for a successor Master Agreement in 2011.

Further, to reach industry standard on premium contribution share, we set in place a formula for contributions toward the premium decline over the life of the Master Agreement so that at the end, if costs increases for the plan remain at or below 9% each year, the employee contributions will gravitate to 20 percent of the monthly premium rather than the 25% that currently exists, and IP’s contribution will be at our industry standard goal of 80 percent. However, if costs exceed 9% they will be split 50/50 by the company to the extent they exceed 9%, except for in the first year of the contract. For 2008, if costs exceed 10%, the 2008 Designated Premium Amounts will be capped at a 10% increase with a 50/50 cost share above 10 percent. The modified plan will insure high-quality health care for our members and their families into the future.

The USW and IP would establish a Joint Mill Health Care Committee (JHMCC) to meet at least once every six months to review the mill plan design and operation, financial reports, claims data, annual rate renewals and other items necessary to gauge the performance of the PPO plan. Participants from the Union shall include the IP Bargaining Chair and Co-Chair and local union participants as appointed by the USW.

The specifics of the plan are as follows:

Proposed PPO Health Care Plan Effective January 1, 2008			
Annual Deductible¹		Prescription Drugs: Retail Drug Program \$10/\$20/\$40 for generic PDL brand-name/non- PDL brand-name Mail Order Program \$15/\$35/\$55 for generic PDL brand-name/ non- PDL brand-name	Lifetime Maximum: \$1,500,000
Individual:	\$350		
Family:	\$700		
Company Reimbursement:²	90%		
Employee Coinsurance	10%		
Annual Out-of-Pocket Maximum			
Individual	\$2,000		
Family	\$4,000		
Office Visit Co-Pay	\$30		

¹ Does not apply to Preventive Care, which is not subject to fulfilling a deductible.

² Does not apply to Preventive Care, which is reimbursed by employer at 100%

In addition, should the parties be unable to reach an agreement for a successor Master Agreement in 2011, the Union bargained for, and agreed to, the following plan design changes to the PPO plan effective January 1, 2012:

- a) increase annual deductibles from \$350 single/\$700 family to \$450 single/\$900 family
- b) decrease company in-network co-insurance amount from 90% to 80%

In the situation of no successor Master Agreement, the company will also continue to offer only the PPO agreement as modified for the period of time remaining in a Local Union Renewal Agreement and will continue to forego its right to make up to a 5% annual change in the PPO plan design for the period of time remaining in a Renewal Agreement.

The respective Employer and Employee monthly health care premium contributions will be as follows:

Monthly Health Care Premium Contributions

Effective	...the Company Cost Share Percentage will be...	...the Employee Cost Share Percentage will be...	...of premium up to the following monthly Designated Premium Amounts...		...plus actual monthly premium excess of the Designated Premium Amounts shared...
			Single	Family	
Jan. 1, 2008	76.25%	23.75%	\$353	\$971	50% / 50%
Jan. 1, 2009	77.50%	22.5%	\$385	\$1,058	50% / 50%
Jan. 1, 2010	78.75%	21.25%	\$420	\$1,153	50% / 50%
Jan. 1, 2011	80.00%	20%	\$458	\$1,257	50% / 50%
(See Appendices 1 and 2 for Details)					

Designated premium amounts listed above were calculated by increasing the 2007 Hourly Union Mill Premium experience rated premiums 9.0% per year. If the actual 2008 premiums increase greater than 9.0% but less than or equal to 10.0%, the 2008 Designated Premium Amounts will be adjusted upward to reflect the actual 2008 premium increase. If the 2008 premiums increase greater than 10.0%, the 2008 Designated Premium Amounts will be calculated by increasing the 2007 Hourly Union Mill premiums by 10.0%. The Designated Premium Amounts after 2008 will be calculated by increasing the 2008 Designated Premium Amounts by 9.0% each year.

The union again bargained for a contingency if the parties were unable to reach a successor agreement in 2011. In that situation, the Company will contribute a Cost Share Percentage of plan premiums as outlined on the next page in the following table for the period of time in a renewal agreement:

Effective	...the Company Cost Share Percentage will be...	...the Employee Cost Share Percentage will be...	...of premium up to the following monthly Designated Premium Amounts...		...plus actual monthly premium in excess of the Designated Premium Amounts shared...
			Single	Family	
Jan. 1, 2012	80.00%	20%	\$499	\$1,370	50% / 50%
Jan. 1, 2013	80.00%	20%	\$544	\$1,493	50% / 50%
Jan. 1, 2014	80.00%	20%	\$593	\$1,627	50% / 50%

The Designated Premium Amounts after 2011 will be calculated by increasing 2011 Designated Premium Amounts by 9% each year for the years remaining in each Renewal Agreement.

National Wage System

During our negotiations, IP was intent on a different wage system for employees that simply used their existing wage system at each mill and took an across-the-board percentage off each job. Unchallenged, the company’s proposal would continue a system that includes about 1,000 wage rates across the entire IP system, different pay for the same skills based on whether the work is done in one mill or another and place new IP employees among the bottom tier in the sector on wages.

The USW saw this as a misguided approach and after much discussion, the bargaining process moved toward a model to create a national, uniform wage system for new hires that would instill balance across the system by paying each worker for their skills and not based on where they live. We also wanted to insure that every new employee had the ability to reach the top jobs in the plant and make the same money as existing employees if they were able to develop their skills. We also wanted to maintain the existing wage average within IP for new hires and insure future IP employees were among the highest paid paper mill workers in North America. We stood firm on each of these principles so that the proposed Master Agreement now creates a National Wage system across all IP mills that meets our perimeters, not IPs.

The result is that all IP mill employees hired on or after the effective date of the Master Agreement will receive wage rates according to the following rate structure. These employees shall receive wage increases and lump sum payments according to the schedules currently in place in local agreements and the renewal agreements.

(New Rate Structure on next page)

New Rate Structure on a Straight Time Hourly Basis

Wage Grade	Wage Rate	Wage Grade	Wage Rate
1	\$13.00	24	\$20.66
2	\$13.33	25	\$21.00
3	\$13.66	26	\$21.33
4	\$14.00	27	\$21.66
5	\$14.33	28	\$22.00
6	\$14.66	29	\$22.33
7	\$15.00	30	\$22.66
8	\$15.33	31	\$23.00
9	\$15.66	32	\$23.33
10	\$16.00	33	\$23.66
11	\$16.33	34	\$24.00
12	\$16.66	35	\$24.33
13	\$17.00	36	\$24.66
14	\$17.33	37	\$25.00
15	\$17.66	38	\$25.33
16	\$18.00	39	\$25.66
17	\$18.33	40	\$26.00
18	\$18.66	41	\$26.33
19	\$19.00	42	\$26.66
20	\$19.33	43	\$27.00
21	\$19.66	44	\$27.33
22	\$20.00	45	\$27.66
23	\$20.33	46	\$28.00

Maintenance will have three wage grade levels . A “when used” wage grade can be established above wage grade 46 to meet mill specific needs, to attract specialized skills in maintenance, for example.

The National Wage System shall apply to all IP Mills. If ratified, the USW and IP will utilize a sub-committee approach to review and apply the NWS National Wage System to each location on a mill-by-mill basis.

Security Issues

Employment Security

In an industry bleeding jobs to China, employment security for IP mill workers was one of the USW's key objectives. For the first time with an industry player with a significant presence in North America, the Master Agreement restricts reduction in workforce to volunteers or attrition for all events except temporary lay-offs or permanent reductions due to complete or partial closures where the provisions of the local labor agreements shall apply.

Successorship

For over two decades, the paper industry has been in a state of constant corporate change through consolidation and now mergers, acquisition and the recent inroads of private equity firms gobbling assets and spinning them off for profit. Critical to the USW was to achieve a national successorship agreement that would be imbedded in each contract.

IP met this demand, agreeing to put immediately into each contract that anyone who buys or leases a mill will be bound by this Agreement, making the longer, four-year term of this Agreement a particular asset to the members during a time of volatility in the industry. IP also agreed not to propose to delete this Successorship provision in future agreements.

Neutrality – Right to Organize

Our power rests on the extent of organization within the IP Mill System. The Master Agreement establishes ground rules for organizing campaigns including a ban on negative attacks and threatening, interrogating or coercing employees along with a Joint Panel to include a neutral third-party who shall review disputes over violations of ground rules and to enforce the agreement.

Joint Efforts

Health and Safety

Paper mills are one of the most dangerous places to work in the industrial sector and the Committee was determined that we would bring an IP-mill worker-wide voice to the issue as an outcome of these negotiations. The Master Agreement establishes a USW/IP Health and Safety Conference to be held at 18-month intervals to be preceded by a one-day pre-conference meeting of the Union attendees, with all costs to be borne by the company.

Public Policy

There are some problems we face that cannot be fixed at the negotiating table. These include such things as rising energy and health care costs and preserving the manufacturing sector in the United States – all of which directly impact our jobs and our standard of living. Another is the value of the

dollar against other currencies – which affects the price of imports into and exports from the U.S.

The Master Agreement contains a joint public policy effort, overseen by a joint Governing Committee, on health care, energy costs and other issues of mutual interest. The effort shall include public and political education, issue advocacy, research and coordination of activities with other groups.

Paper Industry-Wide Labor/Management Committee (IWC)

In an effort to dovetail public policy efforts with IP, the industry leader, with a larger industry-wide effort, the Master Agreement provides for a Paper Industry-Wide Labor/Management Committee (IWC) that will become effective upon at least one other major company in the industry agreeing to join the IWC. The IWC will focus industry-wide joint efforts on health, safety, trade and other issues of mutual interest and have a Governing Board co-chaired by the USW President (or his/her designee) and a CEO (or his/her designee).

Appendices

#1 Calculation of Company Cost Sharing – March to 80%

	2007		2008		2009		2010		2011	
Total Premium at a Fixed 9% Rate Increase	\$324	\$891	\$353	\$971	\$385	\$1,058	\$420	\$1,153	\$458	\$1,257

Cost share based on March to 80 percentages and up to Fixed 9% Rate Increase,
50/50 Cost sharing of the difference between the Actual Premium and the Fixed 9% Rate Increase

Rate Increase	2007		9% 2008		11% 2009		12% 2010		4% 2011	
	Employee	Family	Employee	Family	Employee	Family	Employee	Family	Employee	Family
Actual Premium	\$324	\$891	\$353.00	\$971.00	\$392.00	\$1,078.00	\$439.00	\$1,207.00	\$458.00	\$1,257.00
Company Contribution	\$243	\$668	\$269.16	\$740.39	\$301.88	\$829.95	\$340.25	\$934.99	\$366.40	\$1,005.60
Employee Contribution	\$81	\$223	\$83.84	\$230.61	\$90.12	\$248.05	\$98.75	\$272.01	\$91.60	\$251.40
Company Cost Share Percent	75%	75%	76.25%	76.25%	77.01%	76.99%	77.51%	77.46%	80.00%	80.00%
Employee Cost Share	25%	25%	23.75%	23.75%	22.99%	23.01%	22.49%	22.54%	20.00%	20.00%

Company Contribution Calculation

March to 80%	76.25%		77.50%		78.75%		80.00%			
At 9%			\$269.16	\$740.39	\$298.38	\$819.95	\$330.75	\$907.99	\$366.40	\$1,005.60
50/50 Cost Sharing			50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Above 9%			\$0.00	\$0.00	\$3.50	\$10.00	\$9.50	\$27.00	\$0.00	\$0.00
Total Company Contribution			\$269.16	\$740.39	\$301.88	\$829.95	\$340.25	\$934.99	\$366.40	\$1,005.60

Premium based on Hourly Union Mills Only (includes Riverdale)

#2 Calculation of Company Cost Sharing – March to 80%

	2007		2008		2009		2010		2011	
Total Premium at a Fixed 9% Rate Increase	\$324	\$891	\$353	\$971	\$385	\$1,058	\$420	\$1,153	\$458	\$1,257

Cost share based on March to 80 percentages and up to Fixed 9% Rate Increase,
50/50 Cost sharing of the difference between the Actual Premium and the Fixed 9% Rate Increase

Rate Increase	2007		9% 2008		11% 2009		12% 2010		9% 2011	
	Employee	Family	Employee	Family	Employee	Family	Employee	Family	Employee	Family
Actual Premium	\$324	\$891	\$353.00	\$971.00	\$392.00	\$1,078.00	\$439.00	\$1,207.00	\$479.00	\$1,316.00
Company Contribution	\$243	\$668	\$269.16	\$740.39	\$301.88	\$829.95	\$340.25	\$934.99	\$376.90	\$1,035.10
Employee Contribution	\$81	\$223	\$83.84	\$230.61	\$90.12	\$248.05	\$98.75	\$272.01	\$102.10	\$280.90
Company Cost Share Percent	75%	75%	76.25%	76.25%	77.01%	76.99%	77.51%	77.46%	78.68%	78.66%
Employee Cost Share	25%	25%	23.75%	23.75%	22.99%	23.01%	22.49%	22.54%	21.32%	21.34%

Company Contribution Calculation

March to 80%	76.25%		77.50%		78.75%		80.00%			
At 9%			\$269.16	\$740.39	\$298.38	\$819.95	\$330.75	\$907.99	\$366.40	\$1,005.60
50/50 Cost Sharing			50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Above 9%			\$0.00	\$0.00	\$3.50	\$10.00	\$9.50	\$27.00	\$10.50	\$29.50
Total Company Contribution			\$269.16	\$740.39	\$301.88	\$829.95	\$340.25	\$934.99	\$376.90	\$1,035.10

Premium based on Hourly Union Mills Only (includes Riverdale)