

SUMMARY

Proposed Agreement

between

**Oregon Metallurgical Company
(OREMET)**

and the

United Steelworkers



Effective July 1, 2007

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Dear USW Member;

As you know, your Union has been bargaining a new labor agreement with Allegheny for the past month or so. We chose this opportunity to attempt to reach an early new agreement because of the strength in the stainless and titanium markets and because it's to all of our advantages to avoid the disruption that naturally comes with taking these issues to the deadline. That process usually involves building unnecessary inventory and expenditures on strike preparation when instead that money could have best been used to achieve a good labor agreement.

We believe we have accomplished our goals by entering into early negotiations. As is the case at all bargaining tables across our country, we have faced the tough and complex issues related to retiree health care and have established a trust with a funding mechanism that we are confident will carry us well into the future at a good level of benefits, and with contributions that are affordable. We have been forceful about our share of the good economic times the Company has enjoyed since we last bargained with them and we have gained our rightful share of that pie.

As you know, we have a common expiration date with our Brothers and Sisters at the Allegheny Ludlum plants and together we have faced the company and bargained these proposed agreements. This proposal is the result of those efforts and the hard work by your local union bargaining committees together with the International Union. The tentative agreements we reached both here at Oremet as well as at Allegheny Ludlum have been approved unanimously for ratification by all the Local Union Presidents. We, too, submit it to you with the recommendation for its approval. It is the result of your solidarity and determination and is a demonstration that, together, we are stronger than steel.

Yours in Solidarity,

Leo Gerard
International President

Tom Conway
International Vice President

Terry Bonds
Director, District 12

Bob Laventure
Assistant Director, District 12

Highlights

Wage Increases

Wage increases were gained for each year of the agreement.

Signing Bonus

A \$3,500 signing bonus, payable within one month of the ratification date.

Active and Retiree Insurance

All members, active and retired, will be covered by one insurance plan. In this contract we have equalized coverage and clarified a number of administrative issues.

VEBA

A trust fund was created to protect present and future retiree healthcare benefits. The trust will be funded by a profit sharing stream up to 20 million dollars and a portion of the COLA payments.

Pension

Improvements have been made to the existing pension plan.

Bereavement

Two additional bereavement days for certain relatives.

Other Language

We have made a great deal of progress in clarifying and honing contract protections that we have on a wide range of subjects from overtime to seniority.

Condition and Term of Agreement

The proposed agreement will take effect July 1, 2007 and is scheduled to expire on June 30, 2011. Benefits agreements, including health care, remain in force 150 days beyond the expiration date.

Wage Increases

Wage increases were gained each year of the agreement.

Effective July 1, 2007 – Wages will be increased by \$.75 per hour (less the cost of the Job Code Increment, which is estimated to be in the first year of the Labor Agreement \$.08 per hour).

Effective July 1, 2008 – Wages will be increased by \$.60 per hour less cost of Job Code Increment.

Effective July 1, 2009 – Wages will be increased by \$.60 per hour less cost of Job Code Increment

Effective July 1, 2010 – Wages will be increased by \$.60 per hour less cost of Job Code Increment

Job Code Increment Increases

Starting at Job Class 8, a \$.01 increment increase to coincide with each wage increase will be implemented. Job Class increments are funded through a reduction in the annual wage increase.

Cost of Living Adjustment

Employees hired on or before July 1, 2007 will continue to be covered by the current COLA language included in the Oremet Agreement. However \$.10 per hour of COLA will be diverted to the Retiree Health Care VEBA described in more detail later in this Summary.

Signing Bonus

We have negotiated a \$3,500 signing bonus, payable within one month of the effective date.

Employees Hired on or after July 1, 2007

Wages

Employees hired on or after July 1, 2007 will be subject to an eighteen (18) month progression and will not be covered by the existing COLA provisions.

Progression Schedule:	Employees hired on or after July 1, 2007
First Six (6) Months	July 1, 2007 Appendix A Wage Rates reduced by \$3.00
Second Six (6) Months	July 1, 2007 Appendix A Wage Rates reduced by \$2.00
Third Six (6) Months	July 1, 2007 Appendix A Wage Rates reduced by \$1.00
Fourth Six (6) Months and thereafter	Current Appendix A Wage Rates less any COLA increases granted on or after July 1, 2007 and included in the Appendix Wage

	Rates
Employees hired on or after July 1, 2007 will receive the Inflation Recognition Payment (IRP) pursuant to the Master Agreement language (which will be incorporated into the July 1, 2007 Oremet Labor Agreement) and will not receive Oremet/Albany COLA.	
Craft Wages and the Trainee Rate are not subject to the Progression, but will receive the Inflation Recognition Payment (IRP) pursuant to the Master Agreement language (which will be incorporated into the July 1, 2007 Oremet Labor Agreement) and will not receive Oremet/Albany COLA.	

Vacation Schedule

Employees hired on and after July 1, 2007 will receive vacation based on the existing Oremet Labor Agreement schedule, however such vacation weeks will be capped at six (6) weeks.

Inflation Recognition Payment

Employees hired after July 1, 2007 will be covered by an Inflation Recognition Payment program similar to the one in the Allegheny Ludlum Master agreement. Each quarter, the CPI-W (Consumer Price Index) is used to calculate inflation for the quarter against a base CPI which is set in the contract. For each full percent of inflation over three percent, each employee will receive 1% of their base pay multiplied by the number of hours they worked in that quarter. The company will pay an annual bonus based on the quarterly calculations.

Active and Retiree Health Care

Active employee and current and future retirees, surviving spouses and their dependents will be covered by one health care plan effective January 1, 2008.

Many of employees and retirees already participate in the Blue Cross Blue Shield Managed Health. Effective January 1, 2008 this Plan will be amended and will be the only Plan offered to active employees and retirees. Plan amendments are listed below:

Effective January 1, 2008 active and retired employees will no longer be permitted to elect health coverage under the BCBS Traditional Health Plan. That Plan will be eliminated effective January 1, 2008.

Effective January 1, 2008 active and retired employees will be enrolled in the 2003 BCBS Managed Care Health Plan as modified by the 2006 Company-Union-BCBS South Carolina discussions and as modified below:

Eliminate the reservation of rights provision from the 2003 BCBS Managed Care Health Plan immediately.

Reduce the 2003 BCBS Managed Care Health Plan individual out of pocket maximum to \$600 and maintain the \$3000 family out of pocket maximum.

Increase the 2003 BCBS Managed Care Health Plan individual lifetime maximum to \$5,000,000.

BCBS Managed Care Health Plan routine annual vision examination will be paid at 100% up to an annual benefit maximum of \$100. Other vision care benefits including, but not limited to lens, frames and contact lenses are limited to an annual aggregate maximum of \$250 per participant.

BCBS Managed Care Health Plan will cover services of licensed chiropractors, including office visits, X-rays and spinal manipulations, subject to a visit co-payment of \$10 and an annual maximum of 26 visits per participant.

BCBS Managed Care Health Plan will cover benefits for acupuncture treatment in conjunction with anesthesia or in the treatment of neuromuscular disorders or migraine headaches subject to an annual maximum of \$500 per participant. If the acupuncture treatment is for a condition that has not been approved, the professional provider's charge for the office call will be considered a covered expense, but all other charges related to the acupuncture treatment will not be eligible for payment under any part of the Plan. Acupuncture anesthesia services are not subject to the \$500 annual maximum.

BCBS Managed Care Health Plan will cover lasik services subject to a lifetime maximum of \$500 per participant.

Increase to 30 days the BCBS Managed Care Health Plan annual inpatient mental illness maximum. Remove combined inpatient mental illness and inpatient chemical dependency cap.

Increase to 32 days the BCBS Managed Care Health Plan annual inpatient chemical dependency maximum. Remove combined inpatient mental illness and inpatient chemical dependency cap.

Eliminate the co-payments and cover at 100% pap smears, PSA tests and mammograms under the BCBS Managed Care Health Plan.

BCBS Managed Care Health Plan will cover up to a 90 day supply of smoking cessation drugs, including Wellbutrin (providing it is approved for this purpose), once per year, subject to a lifetime maximum of two events.

BCBS Managed Care Health Plan inpatient care in a skilled nursing facility is limited to 120 days per annum per participant.

Bargaining unit employees will participate in the healthcare and dependent care spending accounts (with debit card) at no cost to the employee.

The parties clarified the following administrative processes relevant to the issues below:

In the event there is not a Network physician/provider within a 30 mile radius of the employee's home, services provided by an out of network physician/provider will be treated as in network. "REAP" providers will be treated as network providers.

A grandchild whose mother or father is a minor child and an enrolled dependent of a Plan participant is a covered dependent for purposes of the BCBS Managed Care Health Plan.

Active employees are covered by Section 11 of the 2001 Program of Insurance Benefits between Allegheny Ludlum and USW. The annual maximum under that Plan is \$2000 per participant. Crowns are a covered service and paid at 85%. Mercury fillings are not required and the use of other amalgam, silicate, acrylic, synthetic porcelain and composite filling restorations to restore diseased teeth are a covered benefit.

Medically necessary adult immunizations are covered by the BCBS Managed Care Plan.

Voluntary sterilization is covered consistent with the provisions of the 2003 BCBS Managed Care Plan.

Emergency room care/services are covered benefits under the BCBS Managed Care Plan subject to a \$50 co-payment if the participant is not admitted to the hospital. If the participant is admitted to the hospital the \$50 co-payment is waived.

Retiree Premiums

Effective January 1, 2008 Retiree, Spouse and Surviving Spouse monthly health care premiums will be as follows and will remain so for the term of the Labor Agreement.

Monthly Premium Category	Pre Medicare Eligible Retiree, Spouse or Surviving Spouse	Medicare Eligible Retiree, Spouse or Surviving Spouse
Retiree or Surviving Spouse	\$100.00	\$50.00
Retiree or Surviving Spouse and Child(ren)	\$100.00	\$50.00
Retiree and Spouse	\$200.00	\$100.00
Retiree and Spouse and Child(ren)	\$200.00	\$100.00

Retiree Life Insurance

Retiree life insurance is \$8,000 for retirements on and after July 1, 2005.

Voluntary Employee Benefit Association (VEBA)

Allegheny Technologies is committed to offering retiree health care plans. However their commitment to the cost of providing that coverage will be limited to \$8,250 per pre-Medicare eligible person and \$3,076 per Medicare eligible person effective January 1, 2008.

Current and future retirees and their dependents will continue to receive their retiree health care benefits through Company administered plans. A voluntary employee benefit association (VEBA) will be created to assist retirees with the payment of their future health care premiums.

A VEBA is a special tax-exempt entity, in our case a trust, created to fund for the payment of life, sick, accident or medical benefits, to its members and their designated dependents and beneficiaries, participating in the trust. Medical benefits are the most common benefit funded through a VEBA. In this case the VEBA will assist current retirees and employees retiring after the date of ratification with the cost of retiree health care benefits.

A VEBA operates as an independent entity with financial reporting and auditing requirements. Participating employer(s) and/or employees may fund a VEBA. In this current situation the primary source of VEBA funding will be Employer contributions, both hourly and profit sharing based. At this time there are only two contribution exceptions. The Latrobe Parity Fund balance will be transferred to the VEBA on January 1, 2008 and the employees of Oremet will contribute ten (\$.10) per hour of active employee COLA payments to the Trust.

Assets of the VEBA are distributed from the trust as required to meet the plan's financial obligations such as the payment of benefits, insurance premiums 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.

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

The VEBA will be funded with Company contributes of up to \$20,000,000 during the four (4) year term of the proposed Labor Agreement.

Company contributions are tied to the profitability of Allegheny Technologies Flat-Rolled Products Segment. Profit Sharing Income for purposes of VEBA contributions will be defined

as Allegheny Technologies Incorporated Flat-Rolled Products Segment operating profit less \$100 million calculated in accordance with United States Generally Accepted Accounting Principles (GAAP).

Beginning with the calendar year starting January 1, 2007 and payable within 60 days of the end of each full or partial calendar year during the term of the 2007 basic labor agreement, 10% of the annual Allegheny Ludlum Profit Sharing Income up to a maximum annual contribution of \$10 million will be contributed to the VEBA. If profit sharing exceeds \$10,000,000 in any one year, then the excess amount will be carried over to the succeeding year(s). Over the term of the four (4) year Labor Agreement the Company will not contribute more than \$20,000,000.

The Union has the right to review and audit the information used to determine the Company's contribution as well as the calculation of the contribution amount. The Company has agreed to provide the Union with any reasonable information requested in connection with such review.

In addition the Company will match the Oremet employees' COLA contribution; however in no event will Company contributions exceed \$20,000,000 over the term of the Labor Agreement.

The VEBA in combination with the Company's contractual commitment to providing retiree health care will provide an additional layer of health care security to our retired members.

Pension Benefits

The Company agrees to increase Western Independent Shops Pension Plan (WISP) contributions by up to a maximum of 6% per year if so required by the WISP Trustees in order to sustain the present level of benefits.

The Company will continue the Personal Retirement Account contribution of fifty-cents (\$.50) per hour.

In addition the Company has agreed to enhance the 401(k) benefits of all eligible employees.

Effective September 1, 2007 and each contract year thereafter, active employee will receive \$100 per each completed year of service as of July 1 of that year. An example: An employee with six (6) years of service will receive a contribution to his 401(k) account in the amount of \$600; an employee with thirty (30) years of service will receive a contribution to his 401(k) account in the amount of \$3000.

However, if the WISP Trustees increase Company contributions by more than the currently anticipated 6% per year, the Company contribution in subsequent years to the 401(k) account of each participant will be reduced to \$80 per each completed year of service.

In addition to the above 401(k) contributions the Company will pay a \$15,000 one-time lump sum bonus to a total of forty-six (46) employees retiring during the term of this Labor Agreement and the 12 month period thereafter (July 1, 2007 through June 30, 2012). Eligible employees are those employees who have of July 1, 2007 are at least age 52 and have at least 22 years of service. These retirements will be granted on the basis of seniority (more service will take precedent of less service) and at a rate of twelve (12) retirements each year in Years 1 and 2 of the Agreement and eleven (11) retirements each year in Years 3 and 4 of the Agreement.

Each year this option will be presented to employees in order of seniority. If an employee declines, the option will be offered to the next employee on the list until all slots for the year are filled. Employees who retire under the provisions of the pension plan related to permanent disability and otherwise meet the one-time retirement bonus criteria will receive the one-time bonus and will not be included in the annual slot limit, but will be included in the overall slots provided of 46.

The one-time lump sum bonus may be deferred, at the employees' request to his 401(k) account, subject to all legal limitations.

Safety & Health

The local president or his designee will participate in the Allvac weekly safety conference call. Further, the union and the company will participate in an offsite three day safety conference on an annual basis. Both the union and the company will send a minimum of three representatives each to the safety conference.

The chamber dollar program will continue as currently agreed, and will be entered into the contract under the appendix section.

Drug and Alcohol Policy

Breathalyzers will be allowed as an accepted method of testing for alcohol. The acceptable levels will be those established by the state of Oregon. Currently, these rates are .04 for transportation jobs, and .08 for all others. Breathalyzer used must have digital readout technology.

An employee who fails a drug or alcohol test will be given a one time opportunity to enter a treatment facility and retain employment with the company.

Other Language Changes

Union Cooperative Fund

The Company will contribute \$.04 per hour worked to the Union Cooperative Fund. This Fund will assist the local union with Fund eligible lost time expenses.

Contracting Out

We made some changes to our contracting out language. In exchange for exempting roofing work and new concrete and drilling work from contracting out notification, we removed upset forging from the list of production work which may be subcontracted and strengthened the Company's commitment to using bargaining unit employees in new construction work by expanding the language to include employees on layoff.

Overtime

We clarified a number of overtime issues in this contract as follows:

- For employees working a three-shift rotational non-rotational basis (days, swing, and graveyard), shifts will be equalized to 8 hours paid for 8 hours of work with a ½ hour lunch period.
- Lunch breaks that are worked will be paid at time and one half and the employee will receive the break at the earliest possible time.
- Mandatory overtime without 72 hour notice will count double towards the maximum mandatory overtime requirements.
- Maintenance employees can request to be equalized with like craft employees in another department for purposes of overtime equalization.
- Employees called at home to solve a problem at the plant shall be paid time and one half. Time will be rounded to the nearest quarter hour with a minimum of thirty minutes pay.

Meal Ticket

Meal tickets will be increased to \$6.25 upon ratification and to \$6.50 on January 1, 2009.

Vacation Scheduling

Vacations will be scheduled no more than twelve months in advance and will be granted on a first come, first serve basis.

Bereavement

Bereavement for parents, legal step-parents, and legal foster-parents will be increased to five days. The company will also make every reasonable effort to allow an employee time in the event of the death of an employee's aunt, uncle, niece or nephew.

Floating Holidays

Floating holidays for new hires will be prorated to the number of quarters worked before the following August 1st floating holiday distribution date. For this section, quarters will begin August 1st, November 1st, February 1st, and May 1st. Any day worked within a quarter shall qualify an employee for a full floating holiday for that quarter. Employees hired in the fourth distribution quarter will be able to carry over their floating holiday past August 1st.

EXAMPLE: An employee hired on April 30th will receive two floating holidays. (One holiday received for working a portion of the third quarter, and one for working the fourth quarter.) An employee hired on May 1st will receive one floating holiday.

Seniority

- 11.2A Areas of operation changed. Area I will be comprised of the old Area I and Area II designations (Production). Area II will be comprised of the old Area III (Maintenance). There will no longer be an Area III.
- 11.3 Removed grandfathered employees language.
- 11.6 Prebids and bid sheets will be maintained by the personnel office. An employee wishing to add their name to a bid will do so by phone. Computer kiosks will be made available in all departments for employees to review bid sheets.
- 11.6C Employees on probation may only bid for jobs which entail a shift change within their current department, or for jobs which carry a higher rate of pay.
- 11.6F The time allowed for the company to fill a position which has no bidders from within the plant has been extended to 45 days. If not filled within 45 days, the opening must be reposted.
- 11.6G A successful bidder may be held for six calendar weeks if a helper, and nine calendar weeks for any position above helper.
- 11.7B Helpers may not be designated as leadman for a unit unless all other employees above helper have declined the position, or if the entire unit is comprised of helpers.
- 11.7C In the event the normally assigned leadman is absent during his normally assigned work hours, the next senior employee in the unit will fill the lead position. In the event a leadman is not present during work which falls outside the normally scheduled work hours, at least two members of the work unit must be present in order to establish the need for a leadman. In such case, the senior employee will receive leadman pay.
- 11.10 Inserted reduction in force language which was ratified by vote in August 2005.

- 11.11 Inserted recall language which was ratified by vote in August 2005.
- 11.11F An employee receiving recall notice will have five (was three) days to respond to company. Employee will have an additional ten days (was seven) to report to work, for a total of fifteen days (was ten).
- 11.11G If an employee is recalled for a position lasting ninety days (was thirty) or less, the employee may refuse such recall and still retain their recall rights.
- 11.12C If an employee transfers out of the bargaining unit in order to take a position with the company or the union on a full-time basis and then returns to the bargaining unit, the employee must stay in the bargaining unit for twelve months or a time equal to the time spent out of the unit. If employee again transfers out of the unit before these time requirements are fulfilled, they will be treated as if they had never transferred back into the bargaining unit.
- 11.12D Leave of absence in order to hold an elected office extended to two terms (was one).
- 11.14 Deleted 11.14D (1) c and 11.14D (1) d
- 11.14G Changed 132 work days to six calendar months.
- 11.18G ADDED: There will be no hiring of student help while any bargaining unit employees are on layoff status.
- 11.19C Collapse all code 16's in RMP to Assistant RMP Operator. Remove process aide job from line of training.
- 11.19D Area trainer may only be assigned to fill a position on a short term basis after the provisions of 11.6 and 11.14 have been exhausted. Trainer may volunteer for overtime after all regularly assigned employees have been given the opportunity to work overtime.
- 11.19C All training required to maintain job required certifications of licenses will be paid for by the company. All licensing fees will be reimbursed by the company. Employees will be paid at the straight time rate under this section.

Apprentices

All apprentice pay grades have been equalized.

Clarified that apprentice will be laid off before journeymen in the event of a reduction in force.

The company has agreed to maintain a minimum of two apprentices during the duration of the contract.

FMLA

If an employee exhausts their FMLA leave due to a sickness or injury to themselves in any given twelve month period, the employee will receive an additional two week leave allotment for an FMLA event which would have otherwise qualified for leave.

IJOP

An employee working at a plant other than their original plant under the provisions of the IJOP language and is recalled to their home plant will be allowed to return to their home plant within fifteen days of the recall notice.

12 Hour Shifts

The twelve hour shift language has been inserted into contract where applicable.

Discipline

Company agrees that an employee cannot be disciplined for insubordination if the employee refuses to follow the direct order of a supervisor which is knowingly given in violation of the employees contractual rights.

The new contract also equalizes three day suspensions to twenty four hours. (No more than two working days for rotators.)

Temporary Assignment

An employee who is involuntarily moved from a straight shift position to a rotational position on a temporary basis will be paid at the unadjusted rate of pay for all hours worked.

An employee who bids from a rotational position to a straight shift position will be paid at the adjusted rate of pay for the first 45 days. If the employee is held beyond 45 days, they will receive the unadjusted rate of pay beginning with the 46th day held after being a successful bidder.

Other

- 2.1B Deleted reference to ESOP and company/union partnership.
- 3.6 Deleted language stating there will be no dues deducted if less than 20 hours worked. Deletion necessary order to be in compliance with the International bylaws.
- 17.13 An employee who self disqualifies from a position may again be available to bid on the vacated position if the medical reason for disqualification is rectified.
- 20.7 Removed the language which states an employee will lose rate retention if they leave the department.