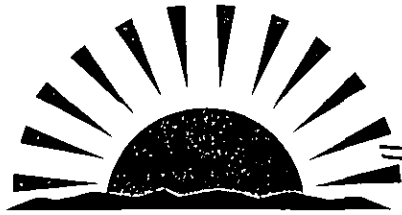


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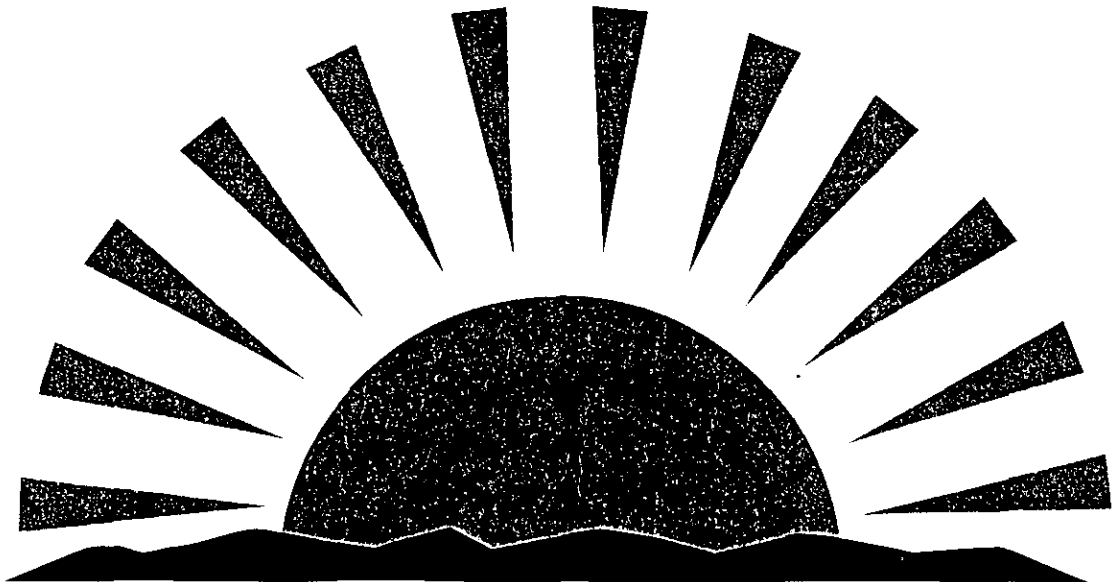
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SUNBURST PAPER

EMPLOYEE OWNED

MASTER CONTRACT AGREEMENT  
AND LOCAL SUPPLEMENT



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**LABOR AGREEMENT  
BETWEEN  
SUNBURST PAPER COMPANY INCORPORATED  
AND  
PAPER, ALLIED-INDUSTRIAL, CHEMICAL AND ENERGY  
WORKERS INTERNATIONAL UNION**

**PREAMBLE**

**THIS AGREEMENT** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1999, by and between **Sunburst Paper Company Incorporated**, as a creation of an **ESOP**, for its plants or mills located at Canton, North Carolina; Waynesville, North Carolina; Athens, Georgia; Clinton, Iowa; Fort Worth, Texas; Morristown, New Jersey; and Olmsted Falls, Ohio, hereinafter referred to as the "Company", and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, AFL-CIO, CLC, and its affiliated Local 507; Local 794; Local 761; Local 1706 and Local 673, both hereinafter referred to as the "Union". As well as United Autoworkers and its affiliated Local 260 hereinafter referred to as the "Union".

**ARTICLE I  
RECOGNITION**

The Company recognizes the Union as the sole and exclusive bargaining representative for the purposes of collective bargaining with respect to rates of pay, wages, hours of employment, and other conditions of employment for all production and maintenance employees of the Company's facilities as described in the Preamble, but excluding all clerical employees, professional employees, guards and supervisors as defined under the National Labor Relations Act as amended.

ARTICLE II  
GENERAL PURPOSE

- A. The general purpose of this Agreement is in the mutual interest of the Company, its staff employees and the employees represented by the Union, to provide for the uninterrupted operation of the plant under methods which will further to the fullest extent possible the safety, welfare, and health of the employees, economy of operation, quality and quantity of output, cleanliness and maintenance of the plant, and the protection of the property. The Union recognizes its responsibilities as the exclusive bargaining agent of the employees covered by the Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions, and fair and equitable wages, the Company must be in a strong competitive position.
- B. Therefore, it shall be the duty of the Company, its staff employees, and the employees represented by the Union, to cooperate fully, individually and collectively, in this regard. This clause shall not be used to discriminate against any employee's rights under this Agreement.

ARTICLE III  
EQUAL EMPLOYMENT OPPORTUNITY

- A. The Company and the Union agree that all employees shall have equal employment opportunities regardless of race, color, religion, sex, national origin, and within the framework of federal and state laws regarding age discrimination.
- B. The Company and the Union shall observe the rights of the handicapped as provided in the Rehabilitation Act of 1973 and the rights of disabled veterans and veterans of the Vietnam era as provided in the Vietnam Era Veterans' Readjustment Assistance Act.
- C. Wherever used in this Agreement, the masculine personal pronoun and/or the feminine personal pronoun shall have equal application to the other.

ARTICLE IV  
LENGTH OF AGREEMENT

THIS AGREEMENT shall remain in full force and effect from \_\_\_\_\_, 1999 through \_\_\_\_\_, 2006, and from year to year thereafter, unless terminated in accordance with the provisions outlined below. The terms of this Agreement will not be altered, varied or amended except by mutual agreement in writing and signed by the parties hereto.

ARTICLE V  
CHANGES OR MODIFICATION

In the event that either party desires to change any provisions of this Agreement, it shall give written notice of such desire by certified mail to the other party not more than ninety (90) days nor less than sixty (60) days in advance of the anniversary date or \_\_\_\_\_, 2006. The giving of notice, as provided above, shall constitute an obligation upon both parties to negotiate in good faith all questions at issue with the intent of reaching a written agreement prior to the anniversary date.

ARTICLE VI  
TERMINATION OF AGREEMENT

- A. At any time after \_\_\_\_\_, 2006, or any anniversary date thereafter, if no agreement on the questions at issue has been reached, either party may give written notice to the other party of intent to terminate the Agreement in not less than ten (10) days.

All provisions of the Agreement shall remain in full force and effect until the specified time has elapsed. During this period, attempts to reach agreement shall be continued.

- B. If the parties have failed to resolve their differences before the specified time has elapsed, all obligations under this Agreement are automatically cancelled.

ARTICLE VII  
NO INTERRUPTION OF PRODUCTION

There shall be no lockouts by the Company, or strikes, slowdowns or work stoppage of any kind by the Union, its representatives, agents or members during the duration of this Agreement.

ARTICLE VIII  
SENIORITY

The principles of seniority shall govern in promotions, layoff, demotions, filling of vacancies, transfers and recalls as hereinafter provided.

- A. An employee shall be considered probationary for the first sixty-(60) calendar days, after which he shall be considered a regular employee and his seniority shall date from the most recent date of hire. During the probationary period, the Company shall have the right to transfer or discharge such employee and any such action shall not be subject to the grievance and arbitration procedure.
- B. For the purpose of this Agreement, employees shall have four (4) types of seniority: Plant Seniority; Department Seniority; Group Seniority and Job Seniority. The type of seniority used at each location and the method of application shall be governed by each Local supplement that is a part of this agreement. Such supplement shall apply to each location named in each supplement. Should a question of Local supplement application occur and it cannot be resolved by the location, then this Master Agreement shall apply. Seniority as it pertains to employees within the bargaining unit shall retain the same application as is accrued with Champion International Corporation.
- C. Seniority shall be broken and employment terminated for the following reasons:
  - 1. Voluntary quit.
  - 2. Discharge for just cause.
  - 3. Failure to return from a leave of absence as of the first scheduled work day following the termination date of the leave.
  - 4. Absent from work for three (3) consecutive scheduled workdays without proper notification to the Company. Excluded in the computation of "days" in this sentence are Saturdays, Sundays and Holidays.

5. Employment on another job while on a leave of absence except as provided in Article XX
6. Failure to notify the Company of intent to return to work from within seven (7) days following receipt of certified letter sent to the employee's address as carried on the Company's records and failure to return to work from layoff within ten (10) days following receipt of such letter.
7. Exceptions may be made to 3, 4 and 6, if a justifiable reason is given.

#### D. PROMOTIONS IN LINES OF PROGRESSION

When promotions are to be made at any location, the language as applied in each Local supplement shall be the controlling language.

#### E. JOB BIDDING

Job bidding shall be applied by using the employee's seniority as developed in each Local supplement.

#### F. TEMPORARY VACANCIES

Temporary vacancies shall be filled in accordance the method of application developed in each Local supplement.

#### G. DEMOTIONS AND LAYOFFS

Demotions and layoffs shall follow the reverse order of promotions. The method of administering this seniority provision for demotions and layoffs shall be developed in each Local supplement. However, in any location probationary employees shall be laid off first. Layoffs from the plant shall be by plant seniority. Any employee's job classification affected by a layoff shall be given an opportunity to receive at least thirty (30) days training prior to being reduced from their line of progression, job, group, department or the plant.

#### H. RECALL

Recall of laid off employees shall be in the reverse order of layoff seniority. Employees laid off shall retain their plant seniority.

ARTICLE VIII  
SENIORITY

I. TRANSFERS

Transfers between lines of progression or departments shall be governed by the use of seniority application determined at each Local facility. Employees shall be offered transfers between locations when a vacancy occurs. The transferring employee(s) shall retain their seniority for earned vacation and pensions. Their seniority date in the new location shall be in accordance with Section B above.

ARTICLE IX  
GRIEVANCES AND ARBITRATION

A. GRIEVANCES

An earnest effort shall be made to promptly settle complaints in the following order and manner:

Step 1: The employee and the steward shall discuss his complaint with his immediate supervisor within seven (7) days following the date the incident occurred that gave rise to the complaint; however, if the incident occurred while the employee was on an excused absence and he had no knowledge of it until his return to work, the seven (7) day period shall begin on his first scheduled work day following the return from the absence. The employee, his shop steward and his supervisor are encouraged to make every possible effort to settle the grievance at this stage. The supervisor shall reply to the employee within three (3) days of the date the complaint was brought to his attention. When the Company immediately agrees to resolve the issue, the Company will provide written documentation to the personnel department and Union in lieu of the formal grievance procedure.

Step 2: A complaint which is not resolved between the employee and his supervisor must be reduced to writing and submitted to the department manager within seven (7) days of the supervisor's reply. The department manager and/or his designated representative and foreman involved shall meet with the employee, a local union officer and the steward within seven (7) days of the date the written grievance was received. He shall give his written answer within three (3) days of the date of the meeting.



ARTICLE IX  
GRIEVANCES AND ARBITRATION

A. GRIEVANCES

Step 3: An appeal of the department manager's answer must be made in writing to the Plant Manager or his designated representative within *seven (7)* days after receipt of the department manager's answer by the local union president. Discussion of the appealed grievance shall take place within nine (9) days of the date the appeal notice was received at a meeting attended by the Plant Manager or his designated representative, together with the International Representative or his designated representative, a committee representing the Local Union, plus the aggrieved employee. The Plant Manager shall give his answer within ten (10) days of the date of the meeting.

A grievance not appealed from one step to the next within the specified time limits shall be considered settled on the basis of the last answer, unless such time limits are extended *in writing* by mutual agreement. Failure on the part of the Company to answer within the specified time limits shall cause the grievance to be settled in favor of the grievant.

"Days" in the Grievance and Arbitration Article shall mean calendar days, excluding Saturdays, Sundays and Holidays.

B. ARBITRATION

1. An appeal of the Plant Manager's answer must be made in writing to the Company within thirty (30) days. An extension of this time limit will be granted up to maximum of thirty (30) days if requested by the Union. If written notice is given, the Company within three (3) days will ask the Federal Mediation and Conciliation Service to furnish the parties with a panel of seven (7) qualified arbitrators. Within fourteen (14) days after receipt of the list of arbitrators, the Union and the Company shall alternately strike a name from the list. The Union and the Company shall alternate on each case in being the first party to strike a name from the list, with Union striking first on the first case under this new Agreement. The person whose name remains shall be the arbitrator. Either party has the right to reject one panel of arbitrators and another panel will be requested. The decision of the arbitrator on all matters properly submitted to shall be final and binding on both parties to this Agreement. Arbitrator selection shall be accomplished in accordance with the procedure in each Local Supplement.

ARTICLE IX  
GRIEVANCE AND ARBITRATION

B. ARBITRATION

2. The arbitrator shall have jurisdiction and authority only to interpret, apply, or determine compliance with the provisions of this Agreement, insofar as shall be necessary to the determination of grievances appealed to him. He shall have no authority to add to, detract from, or alter in any way, the provisions of the Agreement, nor to establish or change any wage rate. The same arbitrator shall not arbitrate multiple issues.
3. The Company and the Union shall share the expenses of the arbitrator equally. The expenses of the witnesses shall be paid by the party requesting the witness to testify.
4. The arbitrator shall render his award within thirty (30) days after the receipt of post-hearing briefs. If the parties do not file briefs, the arbitrator shall render his award within thirty (30) days after the close of the hearing.

ARTICLE X  
VACATIONS

A. ELIGIBILITY

All hourly paid employees who have at least one (1) year seniority in the plant shall be granted a vacation with pay each calendar year. Below are the numbers of years of continuous employment in the Company's service that must be completed to be eligible for the number of weeks vacation indicated:

1 week vacation after	<u><i>The actual number of weeks of eligibility shall be those years referred to in the Local Supplement at each location.</i></u>
2 weeks vacation after	
3 weeks vacation after	
4 weeks vacation after	
5 weeks vacation after	
6 weeks vacation after	

ARTICLE X  
VACATIONS

B. An employee who works less than 1,040 hours because of an illness or injury shall receive credit for forty (40) hours per week for all full weeks lost because of such illness or injury. The accumulation of these credits will be limited to the first calendar year of each continuous period of loss of hours due to such illness or injury.

C. VACATION PAY

1. The amount of vacation pay for an eligible employee shall be calculated at the rate of pay as set forth in each Local Supplement.

2. An employee who leaves the employ of the Company and has not taken the vacation to which he is entitled, shall receive vacation pay at the time of leaving the employment of the Company. The amount of such additional vacation pay shall be prorated according to the number of months worked.

3. An employee who enters the armed services; retires, or dies, and who has completed one (1) year or more of continuous employment in the Company's service on the last previous anniversary date of such continuous employment, shall upon termination of employment receive in addition to vacation pay as provided above, vacation pay for time worked during the calendar year in which his employment is terminated. The amount of such additional vacation pay shall be prorated according to the number of months worked.

D. VACATION PERIODS

1. Vacation shall be taken in periods of not less than one week, except as provided by other provisions of this Agreement that applies to Incremental Vacation.

2. Vacations are not accumulative from year to year.

3. Holidays falling in a vacation period shall not extend the vacation period.

ARTICLE X  
VACATIONS

E. VACATIONS PERIODS

4. Vacations will be taken to coincide with the established workweek.
5. The administration of the vacation scheduling for employees shall be the process that is established by the supplemental agreements at each Local facility.

ARTICLE XI  
HOLIDAYS

Each employee shall receive eight (8) hours straight time pay at his hourly rate (including any additional pay provided in each Local supplement) for the following holidays: Memorial Day (Federal); Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, December 24, Christmas Day, December 26, a floating holiday, Good Friday, *Easter Monday*, New Years Day and Presidents' Day. These are identified maximum numbers of holidays only for purposes of this Agreement. Each Local facility may contain a different number of holidays, but in no event will the number of holidays exceed the number listed in this Article. In addition to the number deviation of holidays contained in each Local supplement, each Local supplement shall determine annually which of those holidays that the location wishes to recognize as holidays for the forthcoming year. Such identification meeting shall occur in December of the prior year. The method of calculating the proper classified rate may vary in each Local supplement.

ARTICLE XI  
HOLIDAYS

A. ELIGIBILITY

1. The employee must have completed his probationary period prior to such paid holiday.

**ARTICLE XI**  
**HOLIDAYS**

2. The employee works his last scheduled workday before the holiday and his first scheduled workday after the holiday. Absence on either or both of these days is due to a layoff, absence with employer's permission, bona fide illness of the employee, or illness of a member of the employee's immediate family requiring his presence.
  3. If a holiday occurs during a period when an employee who otherwise is eligible for holiday pay is laid off he will receive pay for such holiday when he returns to work, provided the entire duration of his layoff has not exceeded one hundred eighty (180) days.
  4. An employee who is absent because of illness or industrial injury and is otherwise eligible for holiday pay will receive holiday pay in the regular pay period covering the holiday which occurs within one hundred eighty (180) days of his last day worked.
- \* B. An employee who is required to work on a holiday shall be paid time and one-half for all hours worked on the holiday; and in addition, if he qualifies as provided above, he shall be paid holiday pay.
- C. When any specified paid holiday is celebrated within an eligible employee's approved vacation period and he is absent from work because of such vacation, he shall be paid for such holiday in accordance with the provisions set out herein.
- D. Hours not worked but paid for on holiday shall be counted as time worked for the purpose of computing weekly overtime.

ARTICLE XII  
HOURS OF WORK AND OVERTIME

- A. The established workweek begins at 7:00 A. M. on Monday and shall continue for seven (7) consecutive twenty-four (24) hour periods. The workweek shall end at 6:59 A. M. the following Monday. The starting of the workweek for the Dairy Pak plants may begin at 11:00 P. M. on Sunday and shall continue for seven (7) consecutive twenty-four--(24) hour periods. The workweek shall end at 10:59 P. M. the following Sunday.
- B. The normal schedule for shift workers, which includes a paid lunch period, is as follows:

First Shift – 6:30 A. M. to 2:30 P. M.  
Second Shift – 2:30 P. M. to 10:30 P. M.  
Third Shift – 10:30 P. M. to 6:30 A. M.

This shift starting and quitting time may vary between each Local supplement. However, in no event shall a shift begin any later then 7:00 A. M., 3:00 P. M. or 11:00 P. M. or end any later then 3:00 P. M., 11:00 P. M. or 7:00 A. M.

- C. Work performed prior to or following the work shift will be paid at the appropriate overtime rate.
- D. For the purpose of computing overtime, the workweek will be forty (40) hours and the workday will be eight (8) hours.
- E. All time worked by an employee in excess of eight (8) hours in any twenty-four (24) work period or over forty (40) hours in any work week shall be paid at one and one-half (1-1/2) times the base rate. It is further provided that hours not worked on any of the twelve (12) holidays designated in Article XI, Section A of this Agreement shall be considered as hours worked in computing hours in excess of forty (40) per week.

**ARTICLE XII**  
**HOURS OF WORK AND OVERTIME**

- F. The normal schedule of day workers is 7:00 A. M. to 12:00 noon and 12:30 P. M. to 3:30 P. M., Monday through Friday. The Company will arrange the schedule of day workers for five (5) consecutive days of eight (8) consecutive hours, lunch period of thirty (30) minutes excepted. An employee on day work requested to work through meal time will continue to work until 3:30 P. M. unless the emergency work is completed and the employee requests to be released at 3:00 P. M. Emergency work making it necessary to work through mealtime will be held to a minimum and will not be performed unless directed by the department manager.
- G. The Company will post changes in work schedules for the following week not later than 12:00 noon on Thursday.

**ARTICLE XIII**  
**SHIFT DIFFERENTIAL**

Employees working on the second and third shift shall be paid in accordance with the Local supplements. This amount may vary between each facility.

**ARTICLE XIV**  
**WAGES**

Wage rates shall be paid in accordance with the Appendix attached as a part of the Local supplement at each location. The necessary increase of wages because of working in a higher classification or the lowering of wages because of working in a lower classification shall be in accordance with the methods provided in each Local supplement.

- A. Rates on existing jobs shall not be subject to adjustment throughout the life of this Agreement, except as provided in "B" below.

ARTICLE XIV  
WAGES

B. When new jobs are created, or when substantial changes are made in the duties and/or workload of existing jobs, the Company and the Union will meet within thirty (30) days from the date request is received, unless mutually agreed to extend the time limit, to negotiate the rate of the new job or the rate of the existing job that has been substantially changed. If no agreement can be reached, the Company will set the job rate. Such rate may be subject to negotiations at the next general contract negotiations, and any change agreed upon at that time will be made retroactive to persons then on the payroll of the Company to such time as the Company and the Union shall agree.

C. The matter of wages is not to be a subject of arbitration.

D. REPORTING TIME

1. Should an employee report for work at his regularly scheduled time, and due to unavoidable circumstances his services are not required for that work day, payment will be made for four (4) hours straight time at his regular rate of pay. Reporting time hours paid for, but not actually worked, will be counted toward computation of daily or weekly overtime.
2. Reporting time pay shall not be paid if the failure to provide work is caused by storm, flood, fire, accidental breakdown, power failure, or other causes beyond the control of the Company.

ARTICLE XV  
JURY DUTY

- A. When a regular employee is called upon to serve on a jury, he shall receive the difference between the amount received for such jury duty and the "total rate" he would have received on his regularly scheduled job at straight time, provided the employee notifies his supervisor so that necessary arrangements can be made.
- B. If an employee is scheduled to work the third shift on the night before he reports for jury duty, he will be excused from work that night. His pay will be computed as outlined above.



ARTICLE XV  
JURY DUTY

- C. Employees seeking reimbursement under this Article must present proof of hours served on jury duty and compensation received from the court in connection therewith. In the event that an employee is required to appear in court as a witness or defendant, the Company will try to grant the employee time off without pay.

ARTICLE XVI  
CALL-IN TIME

- A. An employee who is called in to work at a time other than his regularly scheduled shift shall be guaranteed a minimum of four (4) hours at his regular straight time rate or time and one-half for hours worked, whichever is greater. An employee so called will be allowed to leave after the work for which he was called has been completed. However, such employee may be required to do work of an urgent nature that has developed after the Company has called him.
- B. Call-in is not applicable when work is planned in advance and scheduled to commence at any specific time, if the employee is scheduled to work and is notified before leaving the mill on prior shift, or sixteen (16) hours in advance of starting time of such work.

ARTICLE XVII  
DISCIPLINE AND DISCHARGE

- A. If employee is called in for a disciplinary interview he/she shall be advised that he/she has the right to union representation and the employee and union representative have the right to examine the materials in their personnel files if used in the disciplinary interview. When a statement against an employee is to be entered into the personnel record of the employee, the Company will furnish the employee and the Union with a copy.
- B. An employee discharged shall have the right to request in writing the reason for such discharge. A copy of the reason for such discharge shall be sent to the Local Union President.

ARTICLE XVI  
DISCIPLINE AND DISCHARGE

C. All disciplinary action will be taken within five (5) working days (excluding Saturdays, Sundays and holidays) from the date the Company becomes aware of the infraction.

ARTICLE XVIII  
FUNERAL LEAVE

A. In the event of the death (except for the employee's spouse, children, mother and/or father) in the immediate family of an employee who has been in the employ of the Company for sixty (60) days or more, the employee will be compensated at a regular straight time rate of pay for his scheduled days of work lost up to a maximum of three (3) consecutive calendar days. For the computation of the three (3) days maximum pay, the two (2) days preceding the funeral, the day of the funeral, and the day after the funeral are the only days to be considered.

In the event a Location has a greater number of days than those specified, the Local Supplement for the Location will apply.

Sunburst Paper may require proof of death and relationship before making such payments.

- B. The immediate family of the employee shall be limited to those listed in the Local Supplement at each location.
- C. Time paid while on funeral leave will be counted as hours worked for computing overtime.
- D. Funeral leave pay will not be payable if any of the days lost fall within an employee's approved vacation period of leave of absence. No allowance will be granted in the case where, because of distance or other cause, the employee does not attend the funeral of the deceased.

ARTICLE XIX  
MILITARY LEAVE

- A. The company shall comply with the applicable federal and state statues pertaining to the re-employment rights of returning servicemen/women.
- B. Any regular employee who is a member of a National or State Guard Unit, or any United States Armed Forces Reserve component, who is required to participate in training for thirty (30) days or less, or temporary guard duty, will be granted a leave of absence for such purpose and may receive pay from the Company as follows:

The difference between the base pay received from the government and the straight time earnings of his scheduled work hours at the mill during the period of absence, up to a maximum of ninety-six (96) hours in any one calendar year.

ARTICLE XX  
LEAVE OF ABSENCE

A. GENERAL

- 1. Upon application by an employee and written permission from the Company, a leave of absence without pay may be granted at the discretion of the Company for a period or not more than thirty (30) calendar days without prejudice to seniority rights.
- 2. Extension may be granted at the discretion of the Company and seniority shall accrue during an approved extension.
- 3. Upon termination of an absence from work for five (5) or more scheduled work days because of illness, or fifteen (15) or more calendar days for any reason other than vacation, the employee will report to the Medical Center.
- 4. An employee granted a leave of absence would notify his department manager at least twenty-four (24) hours in advance of the scheduled starting time of his job that he will be ready to resume his work.
- 5. Copies of all approved leaves of absence and extensions thereof shall be furnished the Union.

ARTICLE XX  
LEAVES OF ABSENCE

6. A leave of absence is not required when absence is due to occupational injury or disease.

B. ELECTED OFFICE LEAVE

1. Employees who are duly elected to a full-time elected public governmental office at the Federal, State or Local level will be granted a leave of absence up to a maximum of four (4) years (six(6) years if elected to the United States Senate.
2. In the case of an employee elected to the North Carolina House of Representatives or Senate, a leave of absence will be granted and seniority shall accrue for the length of time that the body is in full session.
3. Seniority shall not accrue during an elected office leave except as provided above. The Company shall be notified at least two (2) weeks prior to the end of the leave of the employee's intent to return.

C. UNION LEAVE

1. Employees may be granted a leave to work for the International Union and employees to work for the Local Union, provided the request is made in writing by the Union and approved by the Company. Such leave shall have a maximum of two (2) years. Extensions may be granted at the discretion of the Company.
2. Seniority shall accrue during a Union leave. When a promotion becomes available for which an employee who is on Union leave is eligible, that promotion shall be offered to him upon his return from leave. The Company shall be notified at least two (2) weeks prior to the end of the leave of the employee's intent to return.

D. FAMILY MEDICAL LEAVE

In accordance with the provisions of the Family Medical Leave Act, the Parties agree that a request for Family Medical Leave will be granted when applied for by an employee. This Family Medical Leave will be granted without any sacrifice of any other negotiated benefits.

**ARTICLE XXI**  
**MISCELLANEOUS**

- A. Supervisors will not perform work normally done by hourly rated employees, nor will the Company condone such work, except in cases of emergencies or unforeseen circumstances where failure to act promptly might result in harm or damage to personnel, plant or equipment.
- B. When it becomes necessary to change methods of operation or kinds of products, which may result in the elimination of jobs or combining of jobs, the Company will advise and negotiate the matter with the Local Union.
- C. With respect to the subject of contracting out, it is understood that production employees will normally perform production work and maintenance employees will normally perform maintenance work. It is understood that there may be times that the Company must employ the service of outside contractors. The Company will notify, meet and discuss the need, manner and necessity to use such outside services with the Union prior to letting of the contract. If the work can be accomplished by the use of mill forces then bargaining employees will perform the work.

Excluding from these provisions are new construction and major replacement of equipment that requires special tools or equipment. The use of outside contractors shall be unionized contractors.

- D. Each employee is expected to respect his supervisors and his supervisor is expected to respect the employee. Both parties to this Agreement realize the importance of getting along in the plant. Harassment, profanity, or any other act of disrespect in the plant will not be tolerated.
- E. Items pertaining to any particular location at the time of development of this Master Agreement will continue to be handled by the Supplement at each Location.
- F. The Company will compensate those Union Officers, Stewards or members, as designated by the Union at their respective hourly rates for the time lost from work due to keeping their appointments with Management, or investigating incidents that may become grievances.

ARTICLE XXII  
COMPANY RULES

Company rules include those listed in each Local supplement and are included in this Master Agreement by reference. Changes or additions to these rules may be made from time to time and the parties shall agree on the rules prior to the notification to all employees. By the publishing of these rules and notification of changes and additions, it shall be considered that employees will have complete knowledge of the rules. The employees shall abide by the Company's rules and practices.

ARTICLE XXIII  
NON-COERCION

The Company agrees not to interfere in any way with the exercise by employees of their legitimate rights to join and be active in the Union. The Union agrees not to intimidate or coerce employees to join the Union.

ARTICLE XXIV  
CONTRAVENTION OF LAW

If any provision or section of this Agreement is found to be in violation of laws or regulations of the United States, or the State in which the mill covered by this Agreement is located, such provisions shall be superseded by the appropriate provisions of such law or regulations, so long as same is in force and effect. All other provisions of this Agreement shall continue in full force and effect. Any change to a federal or state law which may be related to this Agreement will be discussed by the parties, and if it is found to affect a provision of this Agreement, the parties shall meet and negotiate the change or changes to the Agreement to conform to the law. Should Section 14 B of the National Labor Relations Act be amended or repealed, by either the State or Federal Government, the Company will notify the bargaining unit members that they have thirty (30) days to become members of the Union.

ARTICLE XXV  
DEDUCTION OF UNION DUES

A. Subject to the provisions of State and Federal laws the Company agrees to make a payroll deduction of current Union dues of employee who are members of the Union. This deduction will commence with the next full bi-weekly pay period following receipt of an authorization signed by the employee on the following form:

The form shall be the standard form for Union dues deduction provided by the Paper, Allied-Industrial, Chemical and Energy (PACE) Workers International Union AFL-CIO, CLC. (See Attached)

B. It shall be the sole obligation of the Company to remit sums deducted to the designated Financial of the Local Union. The Union shall keep the Company harmless against all claims, demands or other forms of liability that may arise out of the Company's compliance with this Article.

ARTICLE XXVI  
SAFETY AND HEALTH

The Company agrees to provide and maintain a safe and healthy work place for its employees. The Company will maintain all reasonable and necessary precautions for the safeguarding the safety and health of employees and employees are expected to cooperate in the implementation of this safe work environment. The method of administering this provision shall be set forth in each Local supplement of this Agreement.

ARTICLE XXVII  
ATTENDANCE POLICY

The need for all employees to attend work whenever scheduled is an inherent portion of this work process. Therefore, each location shall establish and maintain an attendance policy that fits the circumstances at each of their locations. Such attendance policy shall be included as part of this Agreement by reference.

**ARTICLE XXVIII**  
**CONTINUOUS WORK**

In consideration of the Union's execution of this Agreement, the Employer promises that its operations covered by this Agreement shall not be sold, conveyed, or otherwise transferred or assigned to any successor without first securing the agreement of the successor to assume the Employer's obligations under this Agreement.

**ARTICLE XXIX**  
**PROFIT SHARING**

A. The intention of Sunburst Paper Company is to establish a profit sharing program to bind Sunburst Paper and its Union Employees together in a team to improve Company profits. Increased profits in one fiscal year are to be used in part to increase wages of its employees in the next year.

B. Sunburst Paper Company will absorb the administrative costs of the plan.

C. The full contents of the Profit Sharing plan are attached hereto as Appendix A. It shall describe this Profit Sharing in detail.



**ARTICLE XXX**  
**WORK PLACE CULTURE DEVELOPMENT**

The parties signatory to the Labor Agreement between the Paper, Allied Industrial, Chemical and Energy Workers International Union and its affiliated Local Unions and ~~Sunburst Paper Company~~ (an ESOP Company) at each of its locations do jointly enter into the following agreement.

There is a mutual recognition on the part of both the Union and the Company that in order to maintain economic viability, gain a competitive advantage in the marketplace, and maintain job security, it is necessary for Sunburst Paper Company to upgrade profitability through increased efficiency, team effort, mutual cooperation and the elimination of barriers to improved productivity.

It is agreed between the parties, as part of Work Place Cultural Development, during the life of the Agreement the Company and the Union will work together to explore either new or improved work process or concepts. It is understood that any subsequent changes that may be required in any provisions of the Agreement are subject to negotiations and agreement between the parties.

The method of development of this Work Place Culture shall be determined by each location. Its necessity and use shall be incorporated as part of this agreement by reference.

Each Location shall have a Workplace Culture Steering Committee. The provisions set forth in each Local supplement shall determine the creation and maintenance of this Committee.

**ARTICLE XXXII**  
**ESOP RECOGNITION AND ELECTION**

The Bargaining Unit members recognize that with the ratification of this Labor Agreement they are accepting the Employee Stock Option Purchase (ESOP) as a part of this Agreement. The ESOP, along with its supporting documents are made a part of this Agreement by reference.

## ARTICLE XXXII ESOP RECOGNITION AND ELECTION

### A. Board of Directors

The three (3) Union members that are members of the Board of Directors of Sunburst Papers Incorporated shall be selected by a secret ballot from the Union members at each Local. These three (3) members of the Board of Directors shall be selected from three (3) different groupings of Union members. These three (3) groups shall be as follows:

1 from Canton, N.C.

1 from Region A

1 From Region B

The locals that are assigned each group shall be as follows:

Local 507. Canton, N. C.

Region A : Athens, GA; Morristown, NJ; Waynesville, NC;

Region B : Clinton, Iowa; Fort Worth, TX; Olmsted Falls, OH

These Directors shall be elected for a two (2) year term. Regions A and B shall elect their Directors by rotation between locations in their respective Group. Each Director shall be elected within their respective Group, alphabetically by Location. Beginning with Athens, GA being first in Group A. Clinton, IA will have the first Director from Group B. This rotation will continue on a rotation basis biannually. The Election for Director will be held at least six (6) months prior to the end of any Director's term. The election will occur in this time frame to allow the incoming Director to receive training for a period of six (6) months prior to assuming his/her office.

In the interim period immediately following the formation of the ESOP, there will be three (3) Board of Directors members selected by the Sunburst Paper Company Transition Team. These three (3) Board members will remain in office until nominations can reasonably be held and new Board members adequately trained to assume their respective office. The nominees may be Union members or individuals designated by the Local Unions to represent their interest as Board of Directors of Sunburst Paper Company Incorporated.

**ARTICLE XXXII**  
**ESOP RECOGNITION AND ELECTION**

**B. Benefit Pool**

There shall be a pool of funds established from unused funds that result from the contribution from Sunburst Papers to employee benefits. At the conclusion of the Labor Agreement or the sale of Sunburst Paper Company, any funds that remain in this pool, including any earned interest, shall be distributed to bargaining unit employees. This distribution shall be in some type of monetary compensation, as mentioned in the location supplements.

**ARTICLE XXXIII**  
**ESOP DISPUTE RESOLUTION**

Any disputed ESOP Plan issues or fiduciary issues, between the ESOP Trust Committee and the Board of Directors shall be handled in the following manner:

1. The ESOP Trust Committee shall appoint a Mediator to explore resolution of the dispute.
2. Failing to achieve resolution of the dispute by a Mediator, the party initiating the dispute and the ESOP Trust Committee shall mutually agree on an arbitrator to hear the disputed issue. At the conclusion of the hearing the arbitrator shall be required to provide the Parties with an immediate decision. The arbitrator's decision shall be final and binding on all parties.
3. Employees may address issues through the Plan Administrator or ESOP Trust committees, and if necessary, use the preceding mediation process.

**ARTICLE XXXIV**  
**ESOP PLAN ADMINISTRATION COMMITTEE**

There shall be an ESOP Plan Administration Committee created and maintained for the ESOP. This Committee shall have two (2) Union members nominated and elected to this position. These members shall be from Canton and Waynesville, North Carolina location.

There shall be an ESOP Plan Administration Sub-Committee, by location created and maintained for the ESOP. These Sub-Committee's shall have two (2) Union members nominated and elected to this position from each Dairy-Pak location. All Committee positions shall be for terms of two (2) years. These Committee's will communicate with and maintain ties to , the Plan Administrator as well as the main ESOP Plan Committee.

## **ARTICLE XXXV ESOP TRUST COMMITTEE**

There shall be an ESOP Trust Committee created and maintained. This Committee shall have two (2) Union members nominated and elected to this committee, from Canton and Waynesville, NC; locations.

There shall be an ESOP Trust Sub-Committee created and maintained from each additional location. This Sub-Committee shall have two (2) Union members nominated and elected from each Dairy-Pak location. All Committee positions shall be for terms of two (2) years. These Committees will communicate with and maintain ties to, the Plan Administrator as well as the main ESOP Trust Committee.

## **ARTICLE XXXVI COMMITTEE COMPENSATION**

All Board of Director and Committee positions shall be reimbursed for any hours lost from work at their regular rate of pay, or travel expenses incurred. This reimbursement shall be paid by the Company.

## **ARTICLE XXXVII SEVERANCE PAY**

In the event that a plant must sustain a permanent curtailment or shut down an employee with one (1) or more year's plant seniority will be eligible for severance pay.

A laid off employee entitled to severance pay will be paid one (1) week of pay for each year of continuous service at his/her classified rate of pay. The employee's continuous service shall be calculated from his/her most recent date of hire without further interruption in service.

If an employee is recalled after having received all the severance pay due, he or she will begin again, as of the date of his/her return accumulating a period of time which will be credited toward any future lay-off.

## AGREEMENT ON PROFIT SHARING

On this \_\_\_\_\_ day of \_\_\_\_\_, 1999, Sunburst Papers Inc. hereinafter referred to as the Company, and the PACE International Union and United Autoworkers Union and their Locals hereinafter referred to as the Union, hereby agree to the establishment of this Profit Sharing Plan for the purpose of providing profit sharing contributions by the Company to eligible employees:

### 1. **Eligibility**

Eligible Employees are all active employees of Sunburst Papers Inc., including those who retire, die, go on military, pregnancy, union or sick leave, or are laid off during a Plan Year, who have completed the probationary period (as set forth under the Collective Bargaining Agreement between the parties) as of the last day of such Plan Year, if they have completed 1000 or more hours. Plan Years are ending on December 31.

### 2. **Contribution Formula**

The total Profit Sharing Contribution each Plan Year shall be an amount equal to 10% of Profit, as defined in Section 3.

### 3. **Definition of Profit**

Profit means the Company's reported profit, before income taxes, and also before deductions.

### 4. **Allocation of Benefits**

The total Profit Sharing Contribution shall be divided equally among Eligible Employees, as determined under the Eligibility clause. Eligible Employees or their beneficiaries who retire, die, go on military, pregnancy, union or sick leave, or are laid off during a Plan Year will receive their profit sharing check for the Plan Year the event occurs.

### 5. **Distribution of Benefits**

The Company shall pay all Profit Sharing Benefits by separate check within 90 days following the close of the Plan Year.

## 6. Audits and Reports

Future changes in the Company's accounting procedures should not significantly affect payments under this Plan. The parties shall meet prior to the determination of the annual Profit Sharing Contribution to discuss the adjustments, if any, needed to offset such changes.

All computations and adjustments required under this Plan shall be reviewed by an Auditor, who shall be from an independent Certified Public Accounting firm that is mutually acceptable to the Company and the Union. As soon as practicable after the close of each Plan Year, the Auditor shall provide the Union with a Report on the operation of the Plan. Such Report shall include information on the adjustments, if any, that are necessary to determine Profits in Section 3, and other relevant information reflecting Plan experience. In addition, the Company shall respond as soon as practicable to requests from the Union for information supporting the Profit Sharing Contribution calculations. The Union shall have access to all financial records for the purpose of verifying the profit-sharing calculations.

If the Union should question a conclusion or decision of the Auditor, the Auditor shall review its methods and procedures with the Union and will take into account any new information which may be developed by such review.

## 7. Other Understandings

A. In the event an otherwise Eligible Employee dies during a Plan Year, his/her Profit Sharing Benefit shall be paid to the person designated as his/her Beneficiary under the Company's group life insurance plan.

B. The parties agree to refer any disagreement over the interpretation of the terms of this Agreement to a mutually acceptable impartial person or persons for resolution.

## 8. Effective Dates and Duration

The Plan will become effective \_\_\_\_\_ This Agreement and the Plan will continue in effect until \_\_\_\_\_, and will continue from Plan Year to Plan Year thereafter unless either party, upon written notice to the other, requests a modification, change or termination of the Agreement at the end of such yearly period; provided further, the party requesting such modifications shall, at least sixty (60) days prior to \_\_\_\_\_, or prior to the completion of any such subsequent yearly period, as the case may be, serve notice in writing upon the other party setting forth such changes or modifications so desired, together with a request that a meeting be held to discuss such proposals, and both parties shall thereupon arrange such meetings as may be required for the purpose of negotiating on such proposals.

**In Witness Whereof**, the Company has caused this instrument to be executed by its duly authorized officers and the Union has caused this instrument to be executed by its duly authorized officers, all as of the day and year first above written.

**CORPORATION**

**INTERNATIONAL UNION  
LOCAL'S**

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**Local amendment for  
ARTICLE VIII  
SENIORITY**

1. **JOB SENIORITY** is defined as the length of service in a job classification measured from the date the employee is regularly assigned to that job. Job Seniority is accumulated in the current job and each job below it in the same job progression line.
2. **GROUP SENIORITY** is defined as the length of unbroken service in a group within a department measured from date the employee is regularly assigned to a job in that group.
3. **DEPARTMENT SENIORITY** is defined as the length of unbroken service in a department measured from the date the employee is regularly assigned to a job in that department.
4. **PLANT SENIORITY** is defined as the length of continuous-service from the most recent date of hire with the company.

A: For the purpose of the Seniority Section of this Agreement, departments shall be defined as: Recovery & Utilities; Paper and Board Manufacturing; Maintenance; Converting; Canton Truck Operations; Quality Control; Technical Control; Materials, Transfer Pool, Sanitation; Pulp Production. Groups within these departments that relate to group seniority as defined above are those outlined in Appendix B. The Company shall provide the Union, and shall post, a current seniority list in each department each three (3) months, unless otherwise mutually agreed to on a departmental basis and approved by the Human Resources Department.

**B. PROMOTIONS IN LINES OF PROGRESSION**

When promotions are to be made in any department, they will be made in accordance with the lines of progression agreed upon between the Company and the Union. These schedules are attached hereto and made a part hereof.

1. A vacancy other than temporary above the starting job in a line of progression will be filled by the senior employee from the job just below the job where the vacancy occurs.



2. In filling the vacancy described above , the Company will take into consideration seniority and qualifications ; and when all the factors that constitute minimum qualifications are relatively equal, then seniority shall prevail. To be qualified , employees must have the ability to work in harmony with and cooperate with fellow employees. In cases of promotions other than those involving the senior employee, the Union will be notified before the promotion is made . Should a question arise as to whether or not the senior employee is qualified and it cannot be resolved by agreement between the Union and the Company , the senior employee will be given a trial period up to thirty (30) days on the job in question . If at any time during this trial period it is found that the employee is not performing satisfactorily, he will be returned to his former job and will become junior to the man who bypasses him. In the consideration of seniority in promotions, first preference shall be given to job seniority , followed by group , Departments , and plant seniority , in that order.

3. When an employee refuses a promotion in his line of progression , either temporary or permanent , he shall sign a statement that he refuses the promotion . He shall then forfeit his promotional rights ( both temporary and permanent ) until after the second permanent promotion ( around the employee who signed the waiver ) ; and he becomes junior to the employees who bypass him ( on a permanent promotion ). To be considered for a future promotion ( either temporary or permanent ), he shall make a written request and shall be considered eligible following the first permanent promotion occurring after receipt of his request

( The words in parentheses in the foregoing were added to the original context to help gain an understanding of this paragraph . )

This means that if a written request for reinstatement is made before any permanent promotions have been made around him , he is not eligible for either a temporary or permanent promotion until after two (2) have been permanently promoted around him . If the request is made after one permanent promotion is made around him , one more permanent promotion around him must be made before he is eligible . If the request is made after two (2) permanent promotions had already been made around him , he is eligible after one more permanent promotion around him .

It is also understood that :

- (A) When an employee in a job below a split line of progression waives a promotion to one branch because he prefers to advance to another branch, he must fill temporary vacancies in the branch he waived , providing he is qualified and there are no qualified employees who can be promoted around him.
  - (B) A seniority promotion as a result of an employee going on long term disability shall be counted as a permanent promotion for purposes of application of this Article VIII E. 3.
  - (C) If an employee has rescinded his waiver and late remedial measures are taken by the Company , the employee who has rescinded his waiver shall promote temporarily the same as employees whose waivers are voided .
  - (D) If less senior employee(s) in a classification refuse promotions (waive ) to the next job in a line of progression at a time when senior employee(s) have not refused promotions (waived) and later the senior employee(s) decides to refuse a promotion (waive) , the junior employee(s) waiver exceeding the 25% guidelines will be rescinded . The junior employee(s) will be obligated to fill temporary vacancies to the job affected but for purposes of permanent promotions , the waiver must be satisfied in accordance with provisions of this Article
  - (E) An employee who waived will always be junior to the employees who bypass him except in case of a reduction to or below the classification the employee waived from . The effects of the waivers for promotional purposes will remain.
  - (F) Medical waivers will be recognized and will not constitute or be considered any part of the 25% waiver limit.
4. It is understood and agreed that no step in a line of progression will be completely blocked by those who are unable or unwilling to progress further. Therefore , when more than one-fourth the number of employees in a job classification refuse promotions , the Company shall discuss remedial measures with the Union and shall take necessary action up to and including removal of an

employee from the line progression. However, it is understood that the reduction of existing waivers to the 25% guideline will be accomplished through normal attrition.

5. All waived employees are expected to transfer, assist, or perform tasks outside their normal assignment in conjunction with the New Workplace Culture and Employee Participation language.

### C. JOB BIDDING

1.(a) In filling a vacancy in a department other than temporary for the starting job in a line of progression or for a non-progression job, the Company will post a notice of the vacancy for a period of ninety-six (96) hours. Such notice shall include the job classifications, rate, and minimum qualifications. When the union and the Company agree that a job is to be eliminated or combined a bid will not be necessary; however when jobs are to be filled, the job will be posted within (2) two weeks of the known vacancy.

(b) Eligible to bid are all employees in the group, who will be given first consideration; employees in other groups within the same department; employees in other departments; and Transfer Pool employees. Employees in a line of progression shall not bid downward in the same line, except in a line of progression containing two or more branches, in which case an employee can bid on a bottom job in order to be eligible for promotion to a job in one of the other branches.

(c) Any vacancies created among starting jobs in lines of progression or among non-progression jobs by the filling of this vacancy shall be posted and bid in the same manner; however, there shall be no more than three separate postings, including the one for the original vacancy.

(d) Lacking a qualified applicant, a non-progression job or a starting job in a line of progression shall be filled with the least senior employee in the Transfer Pool, except in filling those jobs which are not posted for bid, they shall be filled by a qualified employee in the Transfer Pool, giving preference to seniority. If the employee refuses to accept this job, he shall be terminated except that an employee with more than five (5) years seniority may take a layoff and shall have recall rights as hereinafter provided. If there are no qualified employees available, the Company shall hire the necessary qualified people as required.

(e) Employees will be released within thirty (30) days of the successful bid.

2. Employees shall be limited to two (2) successful bids in any eighteen (18) month period, except that an employee who is demoted through no fault of his own out of a line of progression or out of a non-progression job during the first twelve (12) months after bidding into that line of job shall have one job bid opportunity restored.

3. In filling the vacancies described above, the Company will take into consideration seniority and qualifications and when all the factors that constitute minimum qualifications are relatively equal, then seniority shall prevail. In applying seniority for starting jobs in a line of progression or for non-progression jobs, group seniority shall prevail, followed by department and plant seniority.

4. The filling of vacancies as outlined in this Section shall be made on (120) working hours probationary period basis. If the employee fails to qualify or wishes to return to his former job, he may be returned to his former job at any time during that period without loss of previously credited seniority. If the employee is returned to his former job within the probationary period, the vacancy shall be posted, but shall be filled by the next most senior qualified employee who bid the vacancy. The names of the successful bidders shall be posted.

5. Openings in apprentice classifications shall not be subject to the bidding procedure but will be filled by qualified applicants within the plant.

6. A probationary employee who is the successful bidder on a job shall accrue job, group, and department seniority from the date of the job bid once he becomes a permanent employee.

#### **D. TEMPORARY VACANCIES**

1. Vacancies known to be of thirty (30) days duration or less, vacation period, and military reserve training will be filled as follows:

a) It is understood and agreed that the Company has no obligation to utilize employees to fill temporary vacancies at an overtime or premium rate of pay if employees are available at a straight time rate.

If there is more than one vacancy in a line of progression and only one is to be filled at overtime it will be the highest paid vacancy.

*(you can not create a vacancy to fill a vacancy)*

*\*(The words in parenthesis in the foregoing were added to the original context to help gain an understanding of this paragraph).*

b) The employee not receiving relief will have the preference of working the extra shift or part thereof; however, he will remain at his job until relief can be obtained and, if necessary, work the entire shift. The Company will make every reasonable effort to obtain the necessary relief.

c) The employee who is scheduled to work the same job on the next succeeding shift will be offered the work.

d) The employee who is on a scheduled day off from the same job will be offered the work.

2. Non-progression vacancies will be filled, by qualified Vacancy Replacements, Transfer Pool employees, or other qualified employees in the mill on the shift involved. If none of these options are available, then any other qualified employee may be obtained, which may include use of a job bidding procedure.

3. When the Union and the Company determines it is necessary to fill a vacancy which is known to exceed a thirty (30) calendar day duration, it will be filled as follows:

a) Positions above the Vacancy Replacement classification in lines of progression will be filled by seniority set up, along established promotional lines beginning with the Monday following the date it became known, except that if it became known following the posting of the weekly work schedule, the seniority setup will be made on the second Monday following the date it became known. However, nothing shall preclude the Company from making seniority set-ups for less than a thirty (30) calendar day period of time.

b) In non-progression job classifications, the job vacancy will be filled when the Union and the Company determines it is necessary, pursuant to Paragraph 2 above.

## DEMOTIONS AND LAYOFFS

### 1. Lines of progression

(A) Reduction in a line of progression will be made in the inverse order of the line of progression in the order of job, group, department, and plant seniority, provided the employee on the way up in a line of progression, he shall go around the same employee on the way down. If it is necessary due to reduction in force for an employee to step down in a line of progression to a job on which he once worked and which has changed, or to one on the same level on which he did not work, or to one which has been added, he shall be given, if necessary, a normal trial period on the job during which time his progress will be evaluated. In no case will the trial period exceed thirty (30) days.

(B) An employee in a starting job in a line of progression who is affected by a reduction shall replace the employee in the group with the least group seniority who is in either another starting job in a line of progression or in a non-progression job at the starting rate, providing he is qualified and has more group seniority than the employee being replaced. The affected employee shall then replace the employee in department seniority who is in either a starting job in a line of progression or in a non-progression job at the starting rate, providing he is qualified and has more department seniority than the employee being replaced.

### 2. Non-Progression Jobs

An employee in a non-progression job who is affected by a reduction shall replace the employee in the group with the least group seniority who is in either a starting job in a line of progression or in a non-progression job at the starting rate, providing he is qualified and has more group seniority than the employee being replaced.

The affected employee shall then replace the employee in the department with the least department seniority who is in either a starting job in a line of progression or in a non-progression job at the starting rate, providing he is qualified and has more department seniority than the employee being replaced.

3. In case of reduction in the working force resulting in a layoff other than short-term, notice of such layoff will be given to those employees affected at least sixty (60) days in advance of such layoff.

4. For the purpose of job bidding, an employee transferred out of his regular department because of a reduction shall accumulate his department and group seniority for the first twenty-four (24) months following his transfer out of the department. Should he be the successful bidder during this period, he shall receive his former group and/or department seniority date.

## **I. SHORT-TERM LAYOFFS**

Scheduled repair of equipment, lack of work, equipment breakdown, or other cause beyond the control of the Company may make it necessary to lay off employees for a short duration. In such cases, layoffs of not more than seven (7) days' duration, employees on the jobs affected will be laid off without regard to seniority. However, the Company will try to provide other available work during this period whenever possible and, in any event, the employees affected will have the opportunity, if already qualified, to perform any work assigned to probationary employees in the plant.

## **J. PROMOTIONS TO SALARY JOBS**

1. An hourly rated employee who has transferred into a position outside the bargaining unit shall accrue job, group, department, and plant seniority for three (3) months while working in such position. Thereafter, he shall accrue group, department, and plant seniority; however, during the first three (3) months, he shall be returned to his former position on his request. If he is transferred back into the bargaining unit after three (3) months, he will become the junior employee according to his plant seniority.

2. An hourly rated employee who volunteers as a relief forman may be utilized at his current rate of pay on an as-needed basis at the discretion of the Company. However, he will not relieve a salaried supervisor when to do so would necessitate overtime, or create an hourly vacancy.

**Local amendment for  
ARTICLE X  
VACATIONS**

**A. ELIGIBILITY**

All hourly paid employees who meet the following requirements will be granted a vacation with pay each calendar year. An employee must have completed 1,040 hours of work in the previous calendar year, except in the case of "B" below. In addition, listed below are the numbers of years of continuous employment in the Company's service which must be completed to be eligible for the number of weeks of vacation indicated:

- 1 wk. vacation after 1 yr. continuous employment
- 2 wks. vacation after 2 yrs. continuous employment
- 3 wks. vacation after 8 yrs. continuous employment
- 4 wks. vacation after 12 yrs. continuous employment
- 5 wks. vacation after 18 yrs. continuous employment
- 6 wks. vacation after 25 yrs. continuous employment

**B.** An employee who works less than 1,040 hours because of an occupational illness or injury shall receive credit for forty (40) hours per week for all full weeks lost because of such illness or injury. The accumulation of these credits will be limited to the first calendar year of each continuous period of loss of hours due to such illness or injury.

**C. VACATION PAY**

1. The amount of vacation pay for an eligible employee shall be his straight time total rate times the respective hours as outlined below for each week of vacation to which he is entitled. If he is on a seniority status change at the time he takes his vacation pay shall be computed at the stepped-up rate.

2. Each employee will be required to take his eligible vacations. As an employee accrues additional vacation weeks, over the term of this contract, he will be eligible to take his added week. Additionally the uncompensated forty-eight (48) hours will be added toward the 1,040 hours needed for the next year's vacation accrued time. Incremental vacation days are eligible to be used for their uncompensated days, if they are taken during the year, or scheduled appropriately during the year. Vacation pay at the reduced rates shall be included in the employees investment option.

3. All vacations for 1999 will be honored and will not be reduced until the year 2000. Beginning Jan., 2000, the schedule outlined below will apply toward each employees investment.



#### 4. OPTION ONE

We are electing to give up one (1) week of vacation as part of our investments. If you elect not to take an Incremental Vacation week as your option, your vacation pay will be:

- A. Two (2) weeks will be paid at ( 24 hours each week )
- B. Three (3) weeks will be paid at ( 32 hours each week )
- C. Four (4) weeks will be paid at ( 36 hours each week )
- D. Five (5) weeks will be paid at ( 38.4 hours each week )
- E. Six (6) weeks will be paid at ( 40 hours each week )

#### 4. OPTION TWO

If you elect to choose your Incremental Vacation ( I. V. ) Days as an investment option , your-I.V. days will ( NOT ) be compensated for , but will count toward your vacation investment . Your remaining vacation weeks will be your total straight time rate , times 48 for each additional week of vacation you are entitled to.

#### D. VACATION PERIODS

1. Vacations shall be taken in periods of not less than one week, except as provided in part E, Incremental Vacation.
2. Vacations are not accumulative from year to year.
3. Holidays falling in a vacation period shall not extend the vacation period.
4. The Company will grant vacation time off to all eligible employees each year.
5. In order to prevent an employee from suffering a hardship, if it is so requested by the employee, approved and re-scheduled by the Company, vacation time may be charged off or re-scheduled for the employee in cases of absence due to extended illness or in emergency cases, to include incremental weeks.
6. Beginning with the year preceding the year of an employee's retirement, he can elect to forego his vacation earned in the previous calendar year and the vacation earned in the current calendar year in favor of receiving the applicable vacation pay upon retirement. The pay shall be computed on the basis of his regular straight time hourly rate in effect on December 1 in each of the years in which he had been eligible to take the vacation.

7. Vacations will be taken to coincide with the established work week.

8. The Company's practice of issuing vacation pay upon request will be continued. This request must be submitted thirty (30) days in advance of receipt of the check and in conjunction with the normal payroll period.

9. The following paragraphs establish the mill procedure to be adhered to in the scheduling of vacations for the duration of this Collective Bargaining Agreement.

(a) Vacations will be scheduled evenly across the 52 weeks of the calendar year with one employee off per week per vacation group. On those shifts whose total number of vacation exceeds 52 weeks, two employees per week per group will be allowed off up to the number of weeks in excess of 52 withing the guidelines of the total group.

(b) Vacation scheduling preference will be by department seniority within each vacation group.

(c) Vacation weeks vacated during the calendar year which do not exceed the guidelines will be posted for a period of 96 hours. The senior employee below the employee giving up the week, who bids withing the group and who has not previously had the opportunity of taking the week in question, will be given the vacant week.

(d) "Anniversary" vacations will not be counted as part of the total per group vacations, but will be signed after all other vacation signings at a vacant week following the anniversary date. If there are no vacant weeks, one additional signing for a given week will be permitted.

(e) Employees bidding into a new department shall normally be allowed to take their vacations according to their signing in their previous department. However, if this cannot be accommodated, both parties agree to cooperate in seeking a solution.

## E. INCREMENTAL VACATION

1. Employees with three (3) or more years of service with the Company may elect to take one (1) week of their vacation in one (1) day increments. Notice of intent to take one (1) week of vacation in this way must be given coincident with vacation scheduling. An employee will be allowed to take incremental vacation provided he secures permission prior to posting of the work schedule for the work week in which the incremental vacation will be taken, except in an emergency situations. The purpose is to provide an opportunity to avoid a chargeable absence and maintain normal build-up time for the week therefore granting emergency incremental vacation days off when appropriately notifying the Company. A total of five (5) incremental vacation days will constitute one (1) week of vacation. Incremental vacation will be counted as time worked when computing weekly overtime. Vacation pay for incremental vacation days shall be included in the employee's investment option.

2. Incremental vacation pay shall be the employee's straight time rate times eight (8) hours for each of the five (5) days which are available, except where other shift agreements apply. If he is on a seniority step up at the time he takes his vacation day, his vacation pay shall be computed at the stepped up rate.

3. It is recognized that operational and scheduling needs must be balanced when allowing vacation days. Therefore:

- Regularly scheduled vacation weeks have priority over incremental vacation days.
- Incremental vacation days must be reasonably balanced evenly throughout the year, except in emergency situations.
- The combined effect of regular vacations and incremental vacations should not normally exceed vacation scheduling requirements with regard to evenly scheduled vacations throughout the year.
- In determining the availability of incremental vacation days, preference will be based upon Department seniority.

4. Incremental vacation days are not accumulative from year to year. All incremental vacation must be taken prior to the end of the year.

## **HOLIDAY SUPPLEMENT FOR ARTICLE XI**

1. The following shall be paid holidays: Easter Monday, Thanksgiving Day, the day after Thanksgiving Day, December 24, Christmas Day, and a floating holiday. Unless requested by the Union Body, during the September "regular" meeting these holidays will stay the same. If a change is requested by a majority at the September "regular" meeting, a vote will be taken at the next "regular" meeting.

2. If an employee works his last work day before his first work day after a holiday on a set-up job, his holiday pay shall be calculated at the set-up rate. Also, if an employee's last scheduled day of work on a set-up job is the day before a holiday, he shall receive holiday pay calculated at the set-up rate.

## **Local amendment for ARTICLE XII OVERTIME**

A. Overtime shall not subject any employee to loss of time in order to keep within the established work week.

B. Overtime shall be paid on a daily or weekly basis, whichever is greater, but shall not be paid on both. Furthermore, overtime shall not be pyramided nor shall more than one basis of calculating overtime be used to cover the same hours, except holidays.

C.1. If it is necessary to work beyond the end of the normal shift to complete a task or tasks and overtime is necessary, it will be performed by the employees assigned to the task(s). It is understood the Company has no obligations to utilize employees at an overtime or premium time rate if employees are available at the straight time rate.

2.(a) With respect to extra production work which cannot be performed at the straight time rate, such work shall be performed by employees within the same job classification in accordance with the temporary vacancy procedure as set fourth in the Collective Bargaining Agreement.

(b) When the work to be performed is outside a job classification it will be filled as follows:

- Available personnel will be assigned to perform the necessary work without the incurrence of overtime.
- Employees on the preceding shift within the work grouping involved as determined by the Company in sequence of a continuous rotating list.
- Employees on the incoming shift within the work grouping involved as determined by the Company in sequence of a continuous rotating list.
- Employees who are on a scheduled day off within the work grouping involved as determined by the Company in sequence of a continuous rotating list.

After offering employees the opportunity to work in accordance with the above and additional employees are needed, the first employee asked shall be required to perform the work, etc. until sufficient employees have been secured.

#### **E. HOURS OF WORK**

1. The established work week begins at 6:30 am on Monday and ends at 6:30 am on the following Monday. For the purpose of computing overtime work week shall be forty (40) hours and the normal work day shall be eight (8) hours. This is not to be considered a guarantee of either eight (8) hours a day or forty (40) hours a week.
2. Each group in each department can decide its starting and quitting times by a simple majority vote, as long as no conflict in operating procedures arise.
3. It is recognized that daily and weekly schedules are based on operating requirements, shutdown schedules, fluctuations in the demand for products or other conditions beyond the control of the Company.

**Local amendment for  
ARTICLE XII  
STARTING AND QUITTING TIME**

A. Each employee shall be in his place ready to begin work at his designated starting time.

B. Employees are expected to report for work at the designated starting time unless they have obtained prior approval to be absent from their supervisor. If unavoidably prevented from reporting, an employee shall notify a supervisor in his department as soon as possible or at least two (2) hours before his designated reporting time unless it is impossible to give such notice, giving the cause and probable duration of the absence.

C. After an employee has been absent one (1) day or more, he will give notice of at least four (4) hours in advance to his supervisor when returning to work. If the employee is absent for fourteen (14) days or more, he will notify his supervisor as soon as possible but at least eight (8) hours in advance that he is returning to work. An employee reporting for work without giving the required notice may be sent home and will not be eligible for reporting time pay.

D. An employee shall not leave his place of work until he has been properly relieved. If the relieving employee does not report for his regular shift, the unrelieved employee shall notify his supervisor. The employee on duty shall stay on his job until a substitute can be secured, and if necessary, he shall work an extra shift, unless deemed contrary to other mutual shift agreements.

**E. Swapping Shifts**

Shift employees may exchange shifts, work a double shift, or exchange hours of work at the beginning or end of a shift providing they have prior written or verbal approval from their supervisor. The hours exchange or worked must be worked back within the same pay period and the right to daily overtime on the hours involved will be waived.

**Local amendment for  
ARTICLE XIV  
WAGES**

A. Wage rates shall be paid in accordance with Appendix A attached hereto and made a part hereof.

B. An employee temporarily working in a lower rated job shall receive his regular rate or week assigned rate, which ever is higher. An employee temporarily working in a higher rated job shall be paid the rate for that job for hours worked on the job, provided he performs that job for one (1) hour or longer.

C. The equity of all eligible employees in the Service Bonus is included in each eligible employee's total rate of pay per hour. The amount of Service Bonus established for each eligible employee as presently in effect shall be maintained to the extent that no employee eligible for Service Bonus shall receive an hourly rate of pay less than the minimum rate in effect in the mill plus his individual Service Bonus amount.

**Local amendment for  
ARTICLE XIV  
CALL-IN TIME**

A. Call-in is not applicable when work is planned in advance and scheduled to commence at any specific time, if the employee is scheduled to work and is notified before leaving the mill on prior shift, or twenty-four (24) hours in advance of starting time of such work.

**Local amendment for  
ARTICLE XVII  
DISCIPLINE**

A. Conflict resolution issues between any employee of the "New Company" should be addressed by an appropriate group of the Union and the Company notwithstanding, this would not supersede the grievance procedure on specific contract issues or disciplinary issues spelled out in the contract.

**Local amendment for  
ARTICLE XIII  
SHIFT DIFFERENTIALS**

The night shift differential for the second shift shall be seventeen cents (.17) per hour. The night shift differential for the third shift shall be twenty-four cents (.24) per hour. These shift differentials are not to be considered part of the hourly rates.

**Local amendments for  
ARTICLE XIV  
CONTINUOUS PROCESS ALLOWANCE**

Employees regularly assigned to a rotating four (4) shift continuous process operation will receive, effective September 1, 1998, a twenty-five (.25) per hour increase. Employees qualifying for this payment are ineligible to receive shift differential provided for in Article XXIII. This allowance shall not be considered a part of the hourly rate.



**Local amendment for  
Article XVIII  
Funeral Leave**

A. In the event of the death (except for the employee's spouse, children, mother and/or father) in the immediate family of an employee who has been in the employ of the Company for sixty (60) days or more, the employee will be compensated at a regular straight time rate of pay for his scheduled days of work lost up to a maximum of three (3) consecutive calendar days. For the computation of the three (3) days maximum pay, the two (2) days preceding the funeral, the day of the funeral, and the day after the funeral are the only days to be considered.

In the even of the death of the employee's spouse, children, mother and/or father, the employee, if he has been in the employ of the Company for sixty (60) days or more, will be compensated at a regular straight time rate of pay for the scheduled days of work lost up to a maximum of five (5) consecutive days. For the computation of the five (5) days maximum pay, the two (2) days preceding the funeral, the day of the funeral and the two (2) days after the funeral are the only days to be considered.

The "New Company" may require proof of death and relationship before making such payments.

B. The immediate family of the employee shall be limited to:

Husband	Wife
Father	Father-in-law
Mother	Mother-in-law
Son	Son-in-law
Daughter	Daughter-in-law
Brother	Brother-in-law
Sister	Sister-in-law
Grandparent of Employee	Grandparent of Employee

Brothers-in-law and sisters-in-law are limited to blood brothers and blood sisters of the male employee's wife (female employee's husband) and the wife of husband of each blood brother and sister of the employee.

Sons-in-law and daughters-in-law are limited to the wives or husbands of the blood sons and blood daughters of the employee. Legally adopted children will have the same status as children related by blood. Stepchildren living in the employee's household shall have the same status as children.

C. Time paid while on funeral leave will not be counted as hours worked for computing overtime.

D. Funeral leave pay will not be payable if any of the days lost fall within an employee's approved vacation period or leave of absence. No allowance will be granted in the case where, because of distance or other cause, the employee does not attend the funeral of the deceased.

**Local amendment for  
ARTICLE XXI  
EMPLOYEE BENEFITS**

A pension plan and insurance plans which are described in other booklets and documents are incorporated by reference into this Agreement will not be changed during the term of this Agreement , unless mutually agreed.

**Local amendment for  
ARTICLE VII  
DEFINITIONS**

A. **Regular employee** is defined as an employee who has completed his probationary period.

B. **Shift worker** is defined as an employee engaged in a continuous process operation, the services of whose occupation are normally required for more than one shift a day.

C. **Day worker** is defined as an employee not engaged in a continuous process operation , the services of whose occupation are normally required for more than one shift a day.

D. **Emergency work** is work that can be neither anticipated nor postponed , such as unforeseen breakdown which will cause loss in production or will endanger life or property.

E. **Vacancy replacement** is defined as an employee who fills temporary vacancies due to vacations and other absences, extra work, and training.

F. **Transfer Pool Employee** is defined as an employee who works out of the Transfer Pool which is maintained for the purpose of having available employees who can be used temporarily as Vacancy Replacements as defined herein and as provided in the Agreement. As a Transfer Pool employee, he will accrue only plant seniority and when assigned to a line of progression will work behind Vacancy Replacements.

**Local amendment for  
ARTICLE XXI  
MISCELLANEOUS**

A. The company shall provide bulletin boards to be used for posting notices pertaining to Local Union affairs and are limited to notices of Union recreational and social affairs, notices of Union appointments, results of Union elections, and notices of Union meetings. Copies of posted notices shall be furnished to the Human Resources Department.

B. No regular production or maintenance employee will be laid off or have his regular classified rate reduced as a result of the contracting out of work.

C. The following agreements, memorandums and letters are incorporated by reference into this Agreement:

1. Agreement dated December 6, 1996, regarding the application of Item C of the first page of Appendix A.
2. "Extract Formula" and agreement dated June 22, 1998.
3. Memorandum of Agreement regarding Substance Abuse and its attachments dated January 2, 1990.
4. On-Call Duty, Computer Repair, dated August 14, 1989.
5. Letter dated April 6, 1998, pertaining to Canton Truck Operations, Extra Work procedure.
6. Seniority, Landfill Group, dated August 8, 1988.
7. Temporary Vacancy Procedure, Roll Finishing, dated August 31, 1990.
8. Pulp Production line of progression change, dated August 31, 1990.
9. Vacation Scheduling procedures, Chip System Group, Pulp Production Group, Chemical Mfg. Group, and Woodyard Group, dated August 31, 1990.

10. Extra Work Agreement, Pulp Production and Chemical Manufacturing Group, dated August 31, 1990.
11. New Maintenance Agreement.
12. All Verbal Agreements in place concerning the method of signing vacations, hours of work, and overtime procedures will continue.
13. Letter dated April 1, 1997 concerning extra work in the Recovery and Utilities Department (#10 & 11 Recovery).
14. Letter dated January 18, 1996, Material Services Group, & Department, concerning Lines of Progression.
15. Letter dated September 1, 1997, Recovery & Utilities, Boiler Feedwater group, concerning Job Additions.
16. Letter dated January 29, 1999, Converting Department, concerning Group Vacation Signing, shift & job preference.
- 17.. Effective upon ratification of this contract all 12 Hour Shift Agreements will become permanent unless mutually agreed.
18. Temporary Vacancy Procedure, Utilities Group, dated August 31, 1990.
19. General Understandings, Quality Control Department, dated August 31, 1990.
20. Shift Preferences Pulp Manufacturing Department, dated August 31, 1990.
21. Line of Progression Change, Chemical Recovery Group, dated August 31, 1990.
22. Steel Toe Shoe Subsidy Letter, dated February 14, 1991.
23. Vacation Scheduling, Landfill Operation, Letter dated October 13, 1981.
24. Letter dated August 31, 1990, Chemical Recovery Group, Line of Progression Change.
25. Letter dated January 12, 1996, B.K. Moore Understanding.
26. Departmental Issues not covered by contract shall be agreed upon by the Union and the Company at a later date.

27. Letter dated October 13, 1981 concerning vacation scheduling Landfill Operations.
28. Letter dated March 19, 1992 concerning Incremental Vacations clarification.
29. Letter dated February 14, 1991 concerning steel-toed shoes.
30. Twelve-Hour Shift Agreement Landfill Group.

## ARTICLE XXII COMPANY RULES

Employees are expected at all times to conduct themselves properly and perform their jobs in a safe and efficient manner. Rules for personal conduct are designed to regulate fairly and impartially actions of employees in order to assure a safe, orderly, and efficient operation of the mill. Any employee who commits any of the following acts may be given disciplinary action, including discharge, either after a warning or immediately without warning, depending on the character of the offense. Repeated violations of the same rule, or compounded violations of all rules, shall be cause for accelerated disciplinary action.

1. Carelessness, neglect of duty, unsatisfactory work, or willful waste of supplies, materials, or raw stock of any kind.
2. Willful damage or theft of Company property or property of another.
3. Deliberate sleeping during working hours.
4. Possession or use of weapons, the carrying of concealed weapons, or the violation of any law or ordinance while on Company property is strictly prohibited.
5. Horseplay, physical assault on any person, or any act causing bodily harm to an individual or damage to Company property.
6. Violation of plant and departmental safety rules or policies.
7. Failure to report any injury to a supervisor and Medical Section or failure to report an accident to the supervisor.
8. Unauthorized operation of machinery or equipment.
9. Creating or contributing to unsanitary conditions or poor housekeeping.
10. Use of abusive, profane, or insulting language.
11. Employees interfering with others doing their work.

12. Posting or removing material from bulletin boards except by authorized persons.
13. Reading on duty unless required by work.
14. Gambling or participating in games of chance on Company property.
15. Leaving job during working hours without permission.
16. Habitual absence or tardiness. It is recognized by the Company and the Union that each employee is an individual case; and such factors such as length of service, types of absence etc., shall be taken into consideration in the application of this rule.
17. Refusal to carry out instructions of supervisors, or other acts of insubordination.
18. Deliberately falsifying any personnel records, production or work reports or any other Company records.
19. Possession or use of intoxicants or illegal drugs, or reporting for or being on duty under the influence of intoxicants or illegal drugs.
20. Immoral conduct or indecencies while on Company property.
21. Smoking in other than designated areas.
22. Repeated garnishments.
23. Giving or taking inducements to obtain work or retain a job.
24. Conviction of a serious crime committed off Company property may be grounds for immediate discharge.

In addition to these general rules for personal conduct, special departmental rules which have been published or posted supplement these instructions and are applicable to all employees working in that department, after appropriately negotiating these changes with the union.



**Local amendment for  
ARTICLE XXV  
AUTHORIZATION OF DEDUCTION OF UNION DUES**

A. Subject to the provision of State and Federal laws, the Company agrees to make a payroll deduction of current normal Union dues of employees who are members of the Union, commencing with the next full bi-weekly pay period following receipt of an authorization signed by the employees in the following form: **Authorization for Deduction of Union Dues.**

I hereby authorize the "New Company", Canton Mill, Canton, North Carolina, to deduct from my wages each bi-weekly payday 1/26th part of the current normal annual Union dues and to transmit this amount to the Financial Secretary of Local 507 of the PACE International Union.

I reserve the right to revoke this authorization during the two-week period preceding the next Agreement anniversary date. This authorization shall renew itself thereafter, from year to year, subject each year to revocation during the two-week period preceding any anniversary date.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

S.S. No.: \_\_\_\_\_

B. It shall be the sole obligation of the Company to remit sums deducted to the designated Financial Secretary of the Local Union. The Union shall keep the Company harmless against all claims, demands, or other forms of liability that may arise out of the Company's compliance with this Article.

**Local amendment for  
ARTICLE XXVI  
SAFETY AND HEALTH COMMITTEE**

A. The following statements shall provide guidance for all employees in the area of safety and health :

1. The Company and the Union are sincerely interested in the well being of the employees and endeavor to provide and maintain safe and healthful working conditions.

2. Both the Company and Union recognize their mutual obligation to work together in the prevention , correction , and elimination of unsafe and unhealthy working conditions and practices.

3. The Company agrees to maintain all reasonable and necessary precautions for safeguarding the safety and health of employees; and all employees are expected to cooperate in the implementation thereof.

4. Accident prevention and training programs will be carried on continuously in an effort to avoid injuries to employees.

5. Regarding safe work practices , the Company and the Union believe that better production and better quality can be accomplished by employees who are safe workers.

B. The Company agrees to accurately monitor real or suspected toxic atmospheric hazards in the work environment and to record , and publish as appropriate, the results of such findings.

C. It is agreed that there shall be a Safety and Health Committee with a membership as follows: Up to seven (7) to be appointed by the Union and up to seven (7) to be appointed by the Company. The Committee will be chaired by the Company and the Union. The Committee will normally meet once each month and may be called into session more often if the need arises. Committee members will be paid their regular rate for any time lost from scheduled work . They will also be compensated for time spent while attending Committee meetings and participating in Committee inspections and investigations if they are scheduled off.

D. The functions of the Committee will be :

1. Investigate serious accidents , injuries , and working conditions and practices which may adversely affect the health and/or safety of employees.

2. Make a periodic inspections to determine safety and health practices and recommend indicated safety and health rules to further the accident prevention program.

3. Make constructive recommendations for corrective actions based on committee findings and concerning all matters brought to their attention.

4. On any safety or health issue arising in a given department, the union vice president from that area may meet with the investigating committee.

E. All matters considered and handled by the Committee shall be included in the written minutes which will be maintained and distributed in such a manner as to assure prompt follow-up on action items.

F. Recommendations of the Committee will be referred to the appropriate department through the Loss Prevention Supervisor, who will establish any necessary follow-up procedures . A safety or health item which needs attention between meetings of the Committee will be taken up with the employee's supervisor and shop steward . If not addressed satisfactorily at that point, it will be referred to the Loss Prevention Supervisor and Department Vice President for follow-up action.

G. The Company will continue to maintain medical facilities for employees during the hours of their employment.

H. Employees are not expected to perform work that exposes them to conditions which are in violation of safety and health rules and regulations. Every practical effort will be made to eliminate such conditions. Questions regarding such conditions will be referred to the Loss Prevention Supervisor and the Department Vice President by the department manager for investigation and for determining what action is needed. When an unsafe condition report is filed by an employee, the Department Manager , Department Vice President and the Loss Prevention Supervisor will be the recipient of this report and they will investigate and make

determinations within the spirit and purpose of this Article. This investigation will be initiated within ten (10) days after receipt of an unsafe condition report.

It is the Company's intent to correct serious conditions of an unsafe nature as promptly as practicable. Efforts will be made to ensure that conditions of this nature are corrected in an expeditors manner. To this end, it is understood that the status of safety related work orders will be posted at the mill entrance each month. When necessary, a quarterly meeting may be held for the purpose of reviewing safety related concerns. Present for this meeting will be the Union President or Executive Vice President of Local 507, Chairman and Secretary of Safety Committee and the appropriate Company Steering Committee Member(s).

**Local amendment for  
ARTICLE XXXI  
UNION REPRESENTATION**

A. The Company recognizes a Local Union Vice President for each of the following areas:

1. Recovery and Utilities
2. Paper and Board Manufacturing
3. Maintenance
4. Converting, Canton Truck Operations
5. Quality and Technical Control
6. Materials, Transfer Pool, Sanitation
7. Pulp Production, Lake Logan

It is agreed that the Company shall not be required to recognize any additional vice presidents other than those noted above for the life of this Agreement.

B. A list of employees serving as stewards, union vice-presidents, and officers of the union, as well as any change in such list, shall normally be given in writing to the Employee Relations Supervisor at least twenty-four hours before the effective dates of assuming duties of office. Such lists and changes shall be signed by the president of the Local Union.

**Local Amendment for  
ARTICLE XXX  
WORK PLACE CULTURE AND EMPLOYEE PARTICIPATION**

The parties are committed to a successful "New Company", founded upon the principles of tolerance and respect between a strong independent Union and strong independent management and a recognition of the value of every employee..

As equal partners, the "New Company" and Local 507 will make as top priority, the creation of an organization that is both dedicated to the empowerment of employees and to continuing improvements in productivity and quality.

The parties recognize the necessity of redesigning the workplace so that it becomes less authoritarian, safer and more fair. They agree that costs must be reduced, performance improved and the skill content of jobs enhanced and that this will require substantial changes in how work is organized, a significant reduction in the levels of supervision and other overhead, the creation of opportunities for employees to solve operating problems and the continual upgrading of the skills of the hourly and salaried workforce.

In order to manage change the parties commit to on-going consultation, problem solving, and discussion between the Company and the Union and among employees at all levels. As part of these consultations, the Company is committed to providing the Union and employees with the opportunity to participate in decisions related to change as early as possible.

The parties agree on the he following objectives, and agree to implement changes in the workplace during the life of this collective agreement which will:

1. Redefine the role and function of supervisors so that they emphasize coaching and coordinating.
2. Upgrading the skill content of jobs on a progressive and on-going basis, and provide all employees with greater opportunity for training, and upgrading the skill level of all jobs, an important objective will be to increase knowledge within the Company;

3. Eliminate health and safety hazards;
4. Ensure that all workers are trained in safe production practices;
5. Provide workers with greater influence, accountability, responsibility, and control over the day-to-day operations of their workplace;
6. Lead to continual improvements in productivity and quality based on working smarter, using better equipment, and less waste;
7. Flatten the organizational structure, resulting in the elimination of unnecessary layers of management and administration and reduction in overhead costs;

The parties hereto recognize a joint Union/Management Steering Committee of six (6) members each, to be appointed in accordance with the Union bylaws, by the respective parties. The Committee will act as a steering committee for the purpose of making recommendations and monitoring the implementation of workplace culture. Employees serving as members of the Steering Committee shall be reimbursed for any wages lost from their regular schedule, and time spent in on-site meetings before or after an employee's work day shall count as hours worked for purposes of overtime.

The Steering Committee, with the full support of the Company and the Union will:

1. Act as the driving force and be the governing body for the process.
2. Make policy respecting worker participation, workplace restructuring, training communication and any other issues which impact employees in the workplace including the introduction of new technologies.
3. Empower employees to have input and to openly express their concerns, problems and ideas.
4. Ensure that all employees will be able to actively participate in changing and redesigning their workplace.

5. Ensure the provisions of the appropriate training and other resources for the process.

6. Ensure that changes are made which will increase the involvement and influence of all employees in the day-t-day operations of their workplace.

7. Receive feedback and monitor progress in order to ensure a climate conducive to change and employee participation.

8. Manage the workforce reduction process.

9. Have the power to delegate its authority as it deems appropriate including the creation, chartering and providing of parameters for lower level Steering Committees, Sub-Committees, or Task Forces. The Steering Committee reserves the right to alter or reverse any decision or action taken by any Sub-Committee or Task the Steering Committee believes contravenes the objectives.

The parties agree that the process of redesigning the workplace must be a joint endeavor. The Company agrees not to initiate any action, program or change with respect to worker participation, workplace restructuring or training without the Agreement of the "New Company's" Joint Steering Committee.

The workplace participation process and workplace redesign initiatives shall be consistent with and supportive of local and international union standards. The workers participation process shall be consistent with and supportive of the terms of this collective agreement, including the grievance procedure.

The workplace participation process will not be used to discipline employees.

The participation of individual employees in the worker participation process shall be entirely voluntary.

It is understood that as part of the workplace participation process the union bargaining unit representatives on various committee, task forces, and other groups may wish to meet separately from the company representatives, and that attendance at such meetings is part of the participation program, and shall be paid by the Company. The Steering Committee shall establish guidelines respecting the holding of such meetings and for the payment of employees who attend.

Employees have the right to participate in the process where they have a stake in the outcome and something to contribute.

So as to encourage informed and meaningful participation employees shall have access to all relevant information and the necessary resources and expertise.

The parties recognize there is no one best way to participate. Each workplace participation group shall have broad latitude and freedom to shape their own process within the guidelines of this agreement, and by any guidelines established by the Steering Committee.

Decisions shall be made by consensus.

No action will be taken with respect to worker participation, workforce restructuring or training in absence of consensus.

In order for participation to be meaningful, participation shall run from the very formative stage of a project to its conclusion.

Employees participating in the process shall receive the necessary training to prepare them to play a meaningful role.



**Local amendment for  
Memo of agreement on Workplace Culture and Employee Participation**

The parties recognize that the employees involvement in participation programs is premised upon their knowledge and belief that productivity increases will not result in direct or indirect loss of employment. Accordingly, in order that employees shall experience the highest possible level of security, the parties acknowledge that every reasonable and fair effort must be made to avoid layoffs caused by productivity increases or efficiencies generated by such programs. In the event that despite the foregoing, Management determines that such layoff is necessary, no such layoff shall occur until the "New Company" Board of Directors has reviewed management's efforts to avoid such a layoff and has determined that every reasonable and fair effort at avoiding such a layoff has been taken and exhausted.

**APPENDIX A  
WAGE RATES**

A. Probationary employees shall receive a rate of: \$8.16 per hour, beginning

B. Transfer Pool carries a classification of Transfer Pool Employee with rates as follows: \$14.46 per hour effective

**LOCAL SUPPLEMENT FOR  
ESOP ELECTION  
ARTICLE XXXII**

**B. ESOP PLAN ADM. COMMITTEE**

A. The ESOP Plan Adm. Committee will have (2) union members elected bi-annually to serve with (2) Company representatives for the purpose of administering all aspects of the ESOP Plan in co-ordination with the ESOP Plan Administrator.

**B. ELECTION**

Nominations for the ESOP Plan Adm. Committee will be held at the June regular meeting and elections will be held before July 1 to coincide with the Board of Directors and Trust Committee nominations and elections.

**C. ESOP TRUST COMMITTEE**

A. The ESOP TRUST COMMITTEE will have (2) union members elected bi-annually to serve with (2) Company representatives for the purposes of administering and settling disputes arising out of distribution of stock for the employees.

**B. ELECTION**

Nominations for the ESOP Trust Committee will be held at the June regular meeting and elections will be before July 1 to coincide with the Board of Directors and ESOP Plan nominations and elections.

**C. TERM**

The terms of the ESOP Trust and ESOP Plan Committees will be July 1 to June 30 bi-annually starting July 1, 1999.

D. Any lost time or travel expenses incurred while serving on these committees will be paid by the Company.

**APPENDIX C**  
**MEMORANDUMS OF AGREEMENT**

**Re: Twelve-Hour Shift Schedule**  
**-Landfill Group of the Maintenance Department**

Employees assigned to the Landfill Group of the Maintenance Department will be on a normal (12) twelve-hour shift schedule with the understandings set forth in this agreement.

The labor agreement between the parties shall remain in full force and effect under the (12) twelve-hour schedule except for the provisions noted below and the noted agreed upon changes:

**ARTICLE XIII: OVERTIME**

B. Time and one-half will be paid for all hours worked in excess of twelve (12) hours with a continuous twenty-four (24) hour period, beginning at the start of a designated shift, or for any hours worked consecutively in excess of twelve (12) hours, or for any hours worked in excess of forty (40) hours in any work week.

**ARTICLE XIV: HOURS OF WORK**

A. The established work week begins at 6:30 AM on Monday and ends at 6:30 AM on the following Monday. For the purpose of computing overtime, the normal work week shall be forty (40) hours and the normal work day shall be twelve (12) hours. This is not to be considered a guarantee of either twelve (12) hours a day or forty (40) hours a week.

B. Under the present operating requirements, the normal schedule for employees assigned to the Landfill Group which includes a paid lunch period is 6:30 AM to 6:30 PM

## ARTICLE XXIV SHIFT DIFFERENTIALS

Employees assigned to the Landfill Group will receive the following shift differentials as provided in the Labor Agreement when working the following hours:

FIRST SHIFT -6:30 A.M. - 6:30 P.M.

SECOND SHIFT -6:30 P.M. -10:30 P.M.

THIRD SHIFT - 10:30 P.M. - 6:30 A.M.

For clarification, the following additional understandings are hereby provided:

1. The funeral leave provision of the Labor Agreement remains as is in the master agreement and thereupon Landfill employee's 12-hour straight time schedule will be taken into consideration when determining compensation at "a regular straight time rate of pay for his scheduled days of work lost" in accordance with his provision.

2. The jury duty provision of the Labor Agreement remains as is in the master agreement and thereupon Landfill employees 12-hour straight time schedule will be taken into consideration when determining compensation at the "total rate" he would have received on his regular scheduled job at straight time in accordance with this provision.

3. The holiday provision of the master agreement remains as is and as such an employee will continue to receive eight (8) hours holiday pay provided all other provisions of this section are adhered to. An exception to the above will be allowed for the existing floating holiday which will be paid at twelve (12) hours.

4. The military leave provision of the master agreement remains as is and as such the Landfill 12-hour straight time schedule will be taken into consideration in determination of the appropriate compensation.

5. Temporary disability will be administered in accordance with the principle that this benefit will be based on the 12-hour shift being a regular work schedule, and as such employees will be compensated in accordance with this provision, using the scheduled 12-hour straight time shift as a basis rather than 8.

This agreement is subject to discontinuance by either party provided a (2) two-week

notice is given.

Except as otherwise herein provided, all other provisions of the labor agreement between the parties remain in full force and effect.

Re: Preference Moves, Maintenance Department

It is agreed between the parties that the company will allow an agreement of preference moves within the Maintenance group in the Maintenance Department for those employees classified as Maintenance Journeyman.

The following represents the manner for application of the above:

1. When there is a vacancy in a craft in a crew due to retirement, bidding out, promotion to salary, death, or termination, employees in the craft affected will be allowed preference to the vacancy in accordance with their seniority. When this involves akin craft employees, the employee exercising this option must change to the new craft designation.

2. The vacancies resulting due to the above will be filled, if necessary, by assignment; however, if an employee must be assigned without desire to the vacancy, the employee to be assigned shall be the junior employee of the craft affected in the affected area.

Except as otherwise provided, all other provisions of the Labor Agreement between the parties shall remain in full force and effect.

Re: Vacation Scheduling Procedure, Recovery and Utilities Department

The following guidelines are agreed to by the parties and establish the procedures to be adhered to in the scheduling of vacations for the duration of the new labor agreement:

1. Vacations will be scheduled evenly across the 52 weeks of the calendar year with one employee off per week per shift. On those shifts whose total number of weeks of vacation exceed 52 weeks two employees per week per shift will be allowed off up to the number of weeks in excess of 52 within the guidelines of the total group.

2. Vacation scheduling preference will be by department seniority on the shift within the Utilities Section.

3. Vacation weeks vacated during the calendar year which do not exceed the guidelines will be posted for a period of 96 hours. The senior employee below the employee giving up the week, who bids within the group on the same shift and who has not previously had the opportunity of taking the week in question, will be given the vacant week.

4. Vacation swaps will be limited to a shift unless otherwise agreed.

5. "Anniversary" vacations will not be counted a part of the total per shift vacations, but will be signed after all other vacations signing at a vacant week following the anniversary date. If there are no vacant weeks, one additional signing for a given week will be permitted.

6. Utility employees at the time of vacation scheduling will sign all available and /or eligible weeks at the time of their opportunity. Recovery employees may sign all available and/or eligible weeks at their opportunity only if they elect to take all eligible weeks consecutively. Should Recovery employees desire to take eligible vacation in nonconsecutive weeks, then only their first consecutive choices may be signed at their opportunity. All other Recovery employees must sign their opportunity prior to an employee's scheduling his second consecutive choice. This same procedure will be followed for third and fourth choices and so forth.

7. Employees who have indicated they will retire in the calendar year being signed for will not have their vacation weeks used against the allotted number where the employee is signing.

Except as otherwise herein provided, all other provisions of the labor agreement will remain in full force and effect.

Re: Pulp line of progression, Shipping and Storage Group, Converting Department

In Case of Curtailment and/or Reductions:

The employees presently a part of the pulp line (prior to February 9, 1979) shall for the purpose of seniority maintain their prior seniority to the Materials Department

so long as they remain a part of the new pulp line up until their termination of employment (retirement). If one of these employees by choice bids from this line to another job outside of this line, this "grandfather" right shall be broken prior to 02/09/79.

Re: Mill General  
-Miscellaneous Agreements

1. The Local President's life insurance will be increased to \$50,000 and all company benefits will continue as has been past practice. The Local President will have the option to purchase up to \$20,000 additional life insurance.

2. Benefit booklets need to be proofread by the Union before being published. After this is accomplished, these booklets need to be ready to distribute to employees within six (6) months.

3. The Union President will be extended the option of taking a leave of absence equal to his regular vacation time, without pay, when he returns to the mill after serving as Union President.

4. The Rescue Squad will continue with the same understanding. The Search and Rescue team shall have the same understanding; however, the number of total eligible participants of both units shall not exceed ten (10) employees.

#### 5. Scheduling of Meetings

Mandatory meetings such as safety meetings are a necessary part of everyone's job responsibility. In the future, employees (to include Supervision) required to be in attendance at one of these meetings will determine when they will be scheduled.

6. The parties agree to form a joint company/union committee to devise appropriate ways to control escalating health care cost.

7. Identify those employees who have an interest in transferring to a skilled craft in the Maintenance Department and advise them of the necessary qualifications.

8. Involvement of appropriate personnel, including Department Manager and Union Vice President, will occur when considering changes to existing job bid qualifications.

9. The Company and the Union recognize the mutual benefit of consensus problem solving in attaining greater employee satisfaction in the solution of problems. This process will continue to be utilized in the future.

10. The Company and the Union agree to consider separate vacation scheduling books for #11 and #12 Paper Machines prior to the next vacation scheduling period.

11. When arranging for normally scheduled wire changes, Beater Room personnel will be scheduled to work the same shift as Machine personnel.

12. Waivers up to 100% will be permitted within the jobs of Junior Clerk (shifts) and Utility Clerk in the Storeroom Group of the Materials Department.

13. (Salvage) The Canton Mill salvage yard will be accesible for employees to make purchases of salvage material; however on Wednesdays, material will be priced at a lower rate which will be comparable to the bulk rate paid by the dealer. Each employee will be limited to \$100.00 per month of discounted purchases. The salvage yard will be open between the hours of 11:00 am and 5:00 pm on three days. These will be Monday, Tuesday, and Wednesday.

14. Occupational Disability Supplement will be limited to a total of fifty-two (52) weeks maximum allowance per employee.

15. All verbal agreements concerning the method of signing vacations that are in place will be incorporated in this agreement.

16. Medical Insurance:

a) The benefit levels, e.g., plan design, are unchanged throughout the term of the contract and extension and will remain so unless otherwise mutually agreed upon.

b) Effective 1-1-96 and each year thereafter during the length of the contract,



an employee's contribution to the Medical Plan shall be equal to the plan's prior year's contribution plus or minus 50% of the increase or decrease in each plan's premium (i.e., employees and Champion to share premium increases or decreases 50/50). The employee's share, however, shall at no time exceed 20% of the Plan's premium. In addition, the then current 1995 premium shall be converted to \$5/\$12 (employee/family) before any 1996 adjustment is made.

c) The Quality Health Care Team will also examine and make recommendations to the parties concerning the feasibility of implementing a flexible benefits plan and a retail prescription drug plan during the term of the agreement.

d) The Company agrees to consider as a plan option a joint Union/Management Taft Hartley trust at such time as such is available and at the request of the Union.

e) In the event Federal or State Health Care Legislation/Regulation results in a cost increase to either the Company or the employees beyond that contemplated by the provisions of this Agreement, either party may, upon thirty (30) days written notice, reopen the Agreement for discussion solely related to the Health Care issue and resolution of such in a mutually satisfactory manner.

#### 17. Non-Traditional Compensation

The parties agree to promote and support compensation programs that go above and beyond base wages and that focus on improving performance and sharing benefits.

#### VII. Pension

Effective May 1, 1998:

A. All employees, \_\_\_\_\_

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## ATTENDANCE POLICY-CANTON &amp; WAYNESVILLE LOCATIONS

MODERN BUSINESS DEMANDS A STEADY ATTENDANCE AND PROMPT REPORTING TO WORK . THIS IS TRUE IN OUR OPERATIONS. IT IS IMPERATIVE THAT ALL EMPLOYEES REALIZE THE IMPORTANCE OF BEING ON THE JOB PROMPTLY EVERY SCHEDULED WORKDAY.

IN ORDER TO MOST EFFECTIVELY ADMINISTER THE ABOVE GENERAL STATEMENT OF POLICY , THE FOLLOWING REGULATIONS HAVE BEEN PREPARED AND WILL BE REGARDED AS STANDARD COMPANY PROCEDURES:

1. EACH EMPLOYEE WHO FINDS IT ABSOLUTELY NECESSARY TO BE ABSENT FROM WORK , HAS THE RESPONSIBILITY OF NOTIFYING THE COMPANY 15 MINUTES PRIOR TO THE START OF ANY SHIFT ON WHICH HE/SHE WILL BE ABSENT. IN ADDITION , EACH EMPLOYEE WHO FINDS IT ABSOLUTELY NECESSARY TO BE TARDY HAS THE RESPONSIBILITY OF NOTIFYING THE COMPANY PRIOR TO THE START OF ANY SHIFT ON WHICH HE/SHE WILL BE TARDY. SUCH NOTICE SHOULD BE MADE TO THE GENERAL SUPERINTENDENT OR SHIFT SUPERVISOR TO WHOM THE EMPLOYEE IS DIRECTLY RESPONSIBLE, OR COMPANY MEDICAL. AN ABSENCE OR TARDY WHICH IS NOT REPORTED AS INDICATED ABOVE , WILL BE AUTOMATICALLY CLASSIFIED AS UNEXCUSED UNLESS AN EXTREME EMERGENCY PREVENTED NOTIFICATION (EMPLOYEE SHOULD NOTE TO WHOM HE/SHE SPOKE WHEN CALLING).
2. AN UNEXCUSED ABSENCE OF THREE (3) DAYS DURATION SHALL BE DEEMED GROUNDS FOR IMMEDIATE DISCHARGE.
3. THREE (3) UNEXCUSED ABSENCES OF TWO DAYS OR LESS. OR FIVE (5) INSTANCES OF UNEXCUSED TARDINESS IN ANY THREE MONTH PERIOD SHALL BE DEEMED GROUNDS FOR IMMEDIATE DISCHARGE .
4. ABSENTEEISM WILL BE ADMINISTERED ON AN OCCURRENCE BASIS . REGARDLESS OF THE NUMBER OF DAYS ASSOCIATED TO AN ABSENCE, ONLY ONE OCCURRENCE WILL BE CHARGED. FOR EXAMPLE, EACH TIME YOU ARE TARDY, ONE THIRD (1/3) OF AN OCCURRENCE WILL BE CHARGED. A FULL OCCURRENCE IS CHARGED WHEN AN ABSENCE IS OVER FOUR (4) HOURS. (EXTENUATING CIRCUMSTANCES WILL BE GIVEN CONSIDERATION). APPROVED DAYS OFF AS SPECIFIED IN THE LABOR AGREEMENT WILL NOT COUNT AS AN OCCURRENCE.
5. IF AN EMPLOYEE REACHES FIVE (5) BUT LESS THAN SIX (6) OCCURRENCES WITHIN A 12 MONTH PERIOD, THE INDIVIDUAL WILL BE GIVEN A VERBAL CAUTION IN WRITING AS TO THEIR ABSENTEEISM FREQUENCY.
6. IF AN EMPLOYEE REACHES SIX (6) BUT NOT LESS THAN SEVEN (7) OCCURRENCES WITHIN A 12 MONTH PERIOD, THEY WILL BE SUBJECT TO A WRITTEN WARNING.

7. IF AN EMPLOYEE REACHES SEVEN (7) BUT LESS THAN EIGHT (8) OCCURRENCES WITHIN A 12 MONTH PERIOD , THEY WILL BE SUBJECT TO DISCIPLINARY ACTION , WHICH COULD INCLUDE TIME OFF WITHOUT PAY. THE UNION/MANAGEMENT TEAM WILL REVIEW EACH EMPLOYEE WHO REACHES THIS LEVEL. THE REVIEW PROCESS WILL ENSURE THAT ALL FACTS SURROUNDING THE CASE ARE PRESENTED TO AVOID INAPPROPRIATE ACTION. PLANT MANAGEMENT WILL DETERMINE THE ACTION TO BE TAKEN .

8. AN EMPLOYEE WHO REACHES EIGHT (8) OR MORE OCCURRENCES WITHIN A 12 MONTH PERIOD , WILL BE SUBJECT TO DISCIPLINARY ACTION, WHICH COULD INCLUDE TERMINATION. THE UNION/MANAGEMENT TEAM WILL REVIEW EACH EMPLOYEE WHO REACHES THIS LEVEL TO ENSURE THAT ALL FACTS SURROUNDING THE CASE ARE KNOWN AND TO AVOID INAPPROPRIATE ACTION, PLANT MANAGEMENT WILL DETERMINE THE ACTION TO BE TAKEN.

9. WHEN A CASE IS REVIEWED AN EMPLOYEES ABSENCE REASONS, ABSENTEE HISTORY, ANY SPECIAL CIRCUMSTANCES, AND HARDSHIPS WILL BE TAKEN INTO CONSIDERATION.

10. IN ADDITION ANY EMPLOYEE WHO IS ON DISABILITY FOR THIRTY (30) DAYS OR MORE, WILL HAVE THEIR ABSENTEEISM FROZEN FOR THE PERIOD OF DISABILITY. THIS MEANS, THAT OCCURRENCES WILL BE LENGTHENED BY THE TIME OF DISABILITY. IF FOR EXAMPLE, AN EMPLOYEE IS ON DISABILITY FOR TWO (2) MONTHS, ALL OCCURRENCES IN EFFECT AT THE TIME OF DISABILITY WILL BE DELAYED IN FALLING OFF HIS/HER RECORD BY TWO (2) MONTHS. IN THIS EXAMPLE A JANUARY 15, 1998 OCCURRENCE WILL NOT FALL OFF JANUARY, 1999 BUT MARCH 15, 1999 BECAUSE OF THE TWO (2) MONTH DISABILITY PERIOD.

11. DISCIPLINARY ACTION FOLLOWED BY 12 CONSECUTIVE MONTHS WITHOUT A CHARGEABLE ABSENCE WILL DISCONTINUE THE DISCIPLINARY PROCESS FOR ABSENTEEISM.

12. NON CHARGABLE OCCURENCES:

FUNERAL LEAVE	MILITARY LEAVE
PERSONAL LEAVE	FAMILY CARE LEAVE
LACK OF WORK	SCHEDULED DAY-OFF
DISCIPLINARY ACTION	FLOATING HOLIDAY
PAID HOLIDAY	DAY OFF
VACATION - REGULAR & IV	JURY DUTY
COMPANY BUSINESS	UNION BUSINESS
COMMUNITY SERVICE	PERMISSION GRANTED
SUMMONS TO APPEAR IN COURT	
ABSENCE WITH DOCTOR'S EXCUSE (3 DAYS OR MORE)	
OCCUPATIONAL ILLNESS/OR INJURY	

CHARGABLE OCCURENCES:

TARDY/LATE ARRIVAL  
NON-OCCUPATIONAL ILLNESS/INJURY (LESS THAN 3 DAYS)  
NO WORD/NO SHOW  
UNSCHEDULED ABSENCE

## SCOPE OF AGREEMENT

It is the intention of the Company and the Union, by this Agreement, to enter into a complete, comprehensive bargaining Agreement. Accordingly, it is agreed that this Agreement settles and resolves all bargainable matters, issues, and demands and sets forth all contract terms and conditions by and between the Company and the Union. It is recognized that during the term of the Agreement, circumstances may arise which necessitate the bilateral resolution of unforeseen problems at the departmental level. This activity is desirable and encouraged.

With this Article, the parties intend to maintain the integrity of the Labor Agreement in its negotiated form: however, on an as-needed basis, appropriate Company and Union representatives will meet to discuss and evaluate changes that may be deemed appropriate by either the Company or Union. If written mutual agreement cannot be reached the existing Labor Agreement will be adhered to. It is acknowledged that the Union cannot agree to any matter that would be contrary to Local or International Union By-Laws.

In witness whereof, the Company and the Union have caused this Agreement to be executed.

Dated this 4th day of September, 1990.

A. Apprentices

It is the desire of the Company and the Union to have a well organized and detailed Apprenticeship Training Program. In order that skilled craftsmen can be produced to do the jobs requiring necessary skills and training. To help with this objective, a joint Apprentice Committee is established with membership as follows:

1. To review and recommend revisions, when necessary, in the apprentice on-the-job training schedules.
2. To review and recommend revisions, when necessary, in the related classroom instruction schedules.
3. To review and recommend, when necessary, action that should be taken relative to the progress of an apprentice.
4. To review and recommend, when necessary, the disposition of apprentice training matters referred to the committee.

B. Intercraft transfer is defined as the reassignment of journeymen from one craft to another. Intercraft transfers are the responsibility of the Company and generally with the objective of achieving more economical manpower utilization and distribution while preserving craft lines. Intercraft transfers are restricted to akin crafts as follows:

Craft Unit	Functionally Akin Craft Unit
Machinist -----	Roll Grinder, General Mechanic
General Mechanic ----	Mobile Equipment Repair
Mobile Equipment Repair ---	General Mechanic
Electrician -----	Instrument Repair, Refrigeration
Instrument Repair -----	Electrician, Refrigeration
Refrigeration -----	Instrument Repair, Electrician
Filter Changer -----	Fire Inspector
Fire Inspector -----	Filter Inspector

Intercraft transfers of journeymen will be made from the craft being reduced to the akin craft provided the journeyman has the experience, training, and demonstrated ability of a journeyman of the new craft group. Apprentice training will be considered adequate training for these purposes. An employee transferred from one craft to another may return to his former craft before it is increased, if he so desires.

- C. The rate of progression within journeyman and Helper classifications based on time worked in the classification as follows:

Journeyman (promoted from Helper)	Journeyman (promoted from Apprentice)	Helper
A-Starting Rate	A-Starting Rate	A-Starting Rate
B-12 months	B-6 months	B-6 months
C-24 months	C-12 months	C-12 months
D-36 months	D-18 months	D-18 months

- D. A vacancy on the Shift Repair Crew will be filled by giving preference to seniority.
- E. A .17 per hour premium allowance is paid to Maintenance employees when assigned to shift work.
- F. The Company will continue to pay a tool allowance to Maintenance Journeyman, Helpers, and Apprentices in the amount of \$170 per eligible individual per year.

G. Preference Moves:

1. When there is a vacancy in a crew or shift repair due to retirement promotion to salary, death, termination, or going back to days, employees in the craft affected will be allowed preference to the vacancy in accordance with their seniority.
2. The vacancies resulting due to the above shall be filled, if necessary, by assignment; however, if an employee must be assigned without a desire to the vacancy, the employee to be assigned shall be the junior employee of the craft affected.
3. Any reduction in a crew or shift repair shall be handled in the reverse order of being assigned. All maintenance mechanic's shall work up to their skills and abilities to perform all needed work.
4. The reduction in Shift Repair that occurred on March 12, 1999; Maintenance mechanics will be returned to their respected shifts, without any loss of seniority on shift repair.

1. Twelve (12) hour shift schedule maintenance employees assigned to work as temporary or permanent shift repair.
  - A. There will be a problem solving group to review issues arising from this twelve (12) hour shift schedule on an as needed basis. This shall be a joint Company and Union committee.
  - B. Time and one-half will be paid for all hours worked in excess of twelve (12) hours within a continuous twenty-four (24) hour period, beginning at the start of a designated shift, or for any hours worked consecutively in excess of twelve (12) hours or for any hours worked in excess of forty (40) hours in any work week.
  - C. The established work week for all employees will begin at 6:30 a.m. on Monday and end at 6:30 p.m. the following Monday. For the purpose of computing overtime, the normal work week shall be forty (40) hours. This shall not be considered a guarantee of either twelve (12) hours a day or forty (40) hours a week.
  - D. Under present operating schedules, the normal schedules are as follows:  
  
Day Shift ----- 6:30 a.m. to 6:30 p.m.  
Night Shift --- 6:30 p.m. to 6:30 a.m.  
  
Early relief will be limited to 30 minutes prior to the start of the shift.
  - E. The holiday provision of the master agreement remains as is and as such an employee will continue to receive eight (8) hours holiday pay provided all other provisions of this section are adhered to. An exception to the above will be allowed for the existing floating holiday which will be paid at twelve (12) hours.



- F. The jury duty, military leave, and funeral leave provisions of the labor agreement remain as is in the labor agreement with the exception that twelve (12) hour replaces an eight (8) hour basis, and in conjunction with that employees will be compensated for scheduled hours lost from work at the straight time rate.
- G. Temporary disability will be administered in accordance with the principal that this benefit will be based on the twelve (12) hour shift being a regular work schedule. Employees will be compensated in accordance with this provision using the scheduled twelve (12) hour straight time shift as the basis rather than eight (8).
- H. Shift differential or continuous process allowance pay will continue while on this twelve (12) hour schedule.
- I. Incremental vacation will be provided as follows: Four (4) days at ten (10) hours per day.
- J. For the purpose of vacation scheduling, the "day week" is defined as the shift group scheduled to work four (4) days on the day shift in the given work week. The "day week" shift group has more than one person on vacation, the night shift can be directed to come in four (4) hours early as may be determined necessary by the company.
- K. It is understood and accepted that a regular dayworker may be stepped up to Shift work on a temporary basis. When this occurs, overtime pay is determined as outlined herein.
- L. It is understood that the continued success of this agreement is dependent on the work group's ability to avoid excessive continuous work hours as a result of insufficient relief for vacancies or extra work. Sufficient relief is typically obtained

from the personnel on the scheduled day off. The reasonable availability of the "off personnel on a voluntary basis is a key factor to the success of a twelve (12)-hour shift operation.

M. Filling of Temporary Vacancies and Overtime will be handled as outlined in the "Promotions to shifts, both temporary and permanent" memorandum of agreement.

N. Stagger days will be permitted as provided in "Extra work and Call-in Procedure, Maintenance Group of the Maintenance Department." However, the period of time involved will be no more than eight (8) hours from the start of the next designated shift of the following day.

RE: Six (6) month trial period of ten (10) hour shift schedule.  
Regularly assigned employees in Maintenance Department.

1. There will be a problem solving group to review issues arising from this trial schedule. This shall be a joint Company and Union committee.
2. Time and one-half will be paid for all hours worked in excess of ten (10) hours within a continuous twenty-four (24) hour period, beginning at the start of a designated shift, or for any hours worked consecutively in excess of ten (10) hours or for any hours worked in excess of forty (40) hours in any work week.
3. The established work week for all employees will begin at 7:00 a.m. on Monday and end at 7:00 a.m. the following Monday. For the purpose of computing overtime, the normal work week shall be forty (40) hours. This shall not be considered a guarantee of either ten (10) hours a day or forty (40) hours a week.
4. The normal schedule of day workers is 7:00 a.m. to 12:00 noon and 12:30 p.m. to 5:30 p.m. Monday through Friday. One half employees scheduled on Friday and one half scheduled on Monday. So far as operating conditions permit, the Company will arrange the schedule of day workers for four (4) consecutive days of ten (10) consecutive hours, lunch period, thirty (30) minutes, excepted. An employee on day work requested to work through meal time will continue to work until 5:30 p.m. unless the emergency work is completed and the employee requests to be released at 5:00 p.m. Emergency work making it necessary to work through meal time will be held to a minimum and will not be performed unless directed by management.
5. The jury duty, military leave, and funeral leave provisions of labor agreement remain as in the master agreement and the maintenance day worker group employee's ten (10) hour straight time schedule will be taken into consideration when determining

Compensation at "a regular straight time rate of pay for these scheduled days of work lost" in accordance with this provision.

6. Temporary disability will be administered in accordance with the principal that this benefit will be based on the ten (10) hour shift being a regular work schedule. Employees will be compensated in accordance with this provision using the scheduled ten (10) hour straight time shift as the basis rather than eight (8).
7. Incremental vacation will be provided as follows: Four (4) days at ten (10) hours per day.
8. Staéger days will be permitted as provided in "Extra work and Call-in Procedure, Maintenance Group of the Maintenance Department." However, the period of time involved will be no more than eight (8) hours from the start of the next designated shift of the following day.
9. It is understood and accepted that a regular dayworker may be stepped up to Shift Repair on a temporary or permanent basis. When this occurs, overtime pay is determined as outlined in twelve (12) hour Shift Agreement.
10. It is understood that the continued success of this agreement is dependant on the work group's ability to avoid excessive continuous work hours as a result of insufficient relief for vacancies or extra work. Sufficient relief is typically obtained from the personnel on the scheduled day off. The reasonable availability of the "off" personnel on a voluntary basis is a key factor to the success of a ten (10) hour shift operation.

During the trial period, either party may void the agreement upon a fourteen (14) day written intent to cancel the agreement.

The parties recognize that temporary vacancies generally fall into two categories, scheduled and unscheduled. A scheduled vacancy is one that is known prior to the start of the work week for which a replacement can be scheduled, while an unscheduled vacancy is one that is not known in advance for which a replacement cannot be readily scheduled. It is understood, however, that an unscheduled vacancy becomes a scheduled vacancy at the beginning of the next work week when it is known that the vacancy will continue to exist and it is possible to schedule a replacement. Therefore, when it is necessary to fill a temporary vacancy which occurs among Shift Workers, it shall be filled as follows:

1. Promotions to shifts shall be on the basis of a temporary or permanent step-up. This is applicable to known vacancies which may be scheduled in advance.
  - A. Temporary step-ups may occur for a known vacancy of at least on (1) week but not more than twenty-eight (28) days. These are scheduled vacancies as reflected in the "Temporary Vacancy" procedure for the Maintenance Section in the Maintenance Department. The guidelines for such step-ups are as follows:
    1. A continuous rotating list by craft starting with the least senior "D" step journeyman to the most senior employee will be maintained for securing personnel for such vacancies.
    2. Starting each week, the necessary personnel will be obtained from the appropriate list beginning with the employee who is shown after the last person who worked.
    3. If the next person on this list is known to be unavailable for the entire week (vacation, illness, etc.), then they will be bypassed at that time. When an individual is bypassed due to their unavailability, they remain first on the corresponding craft list for the next vacancy or a future vacancy for which they are available. This statute continues until they work a shift worker vacancy.

4. For the purpose of overtime eligibility, employees temporarily Stepped up will be considered for overtime in the crew they are temporarily assigned to.
5. An individual may swap one week at a time and be counted as worked provided.
  - a.) They present to the company an acceptable replacement employee.
  - b.) The replacement be known and approved by 3:30 p.m. of the prior Wednesday.

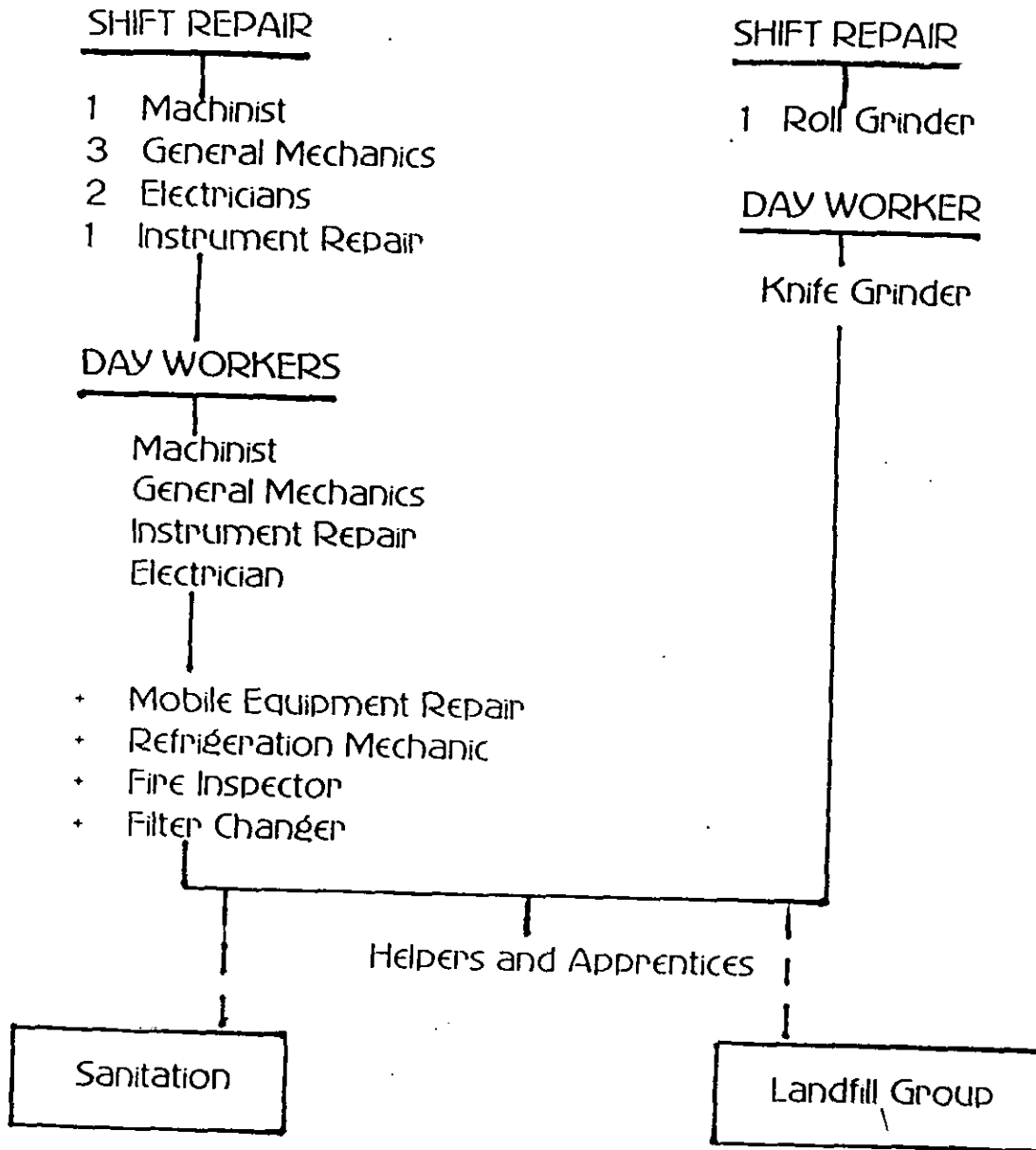
Personnel changes to and from day worker and shift worker status in the Maintenance Group of the Maintenance Department.

- c.) The replacement employee fulfills the vacancy needs for the entire work week.
- B. Should the vacancy on shift exceed the defined temporary vacancy status, the following will apply.
- 1.) Personnel from the craft involved by seniority will be surveyed to secure a volunteer for this assignment. Should there be no volunteer, then the available junior "D" step journeyman shall fill the position.
  - 2.) Senior "D" step journeymen may return to dayworker Status provided they have worked on shifts for no less than six (6) continuous months. Should this option be exercised, the vacancy created will be the same as a permanent vacancy. In making such request, one additional work week must elapse after the request was made prior to fulfilling the request.

3. Junior "D" step journeymen may return to dayworker status in less than six (6) months provided a more senior employee request to work shifts, or should a less senior "D" step journeyman becomes available.

All other provisions of the Labor Agreement remain in full force and effect.

Maintenance Department  
Maintenance Groups



NOTE: Shift Repair will consists of one (1) Machinist, one (1) Instrument Repair, one (1) Roll Grinder, three (3) General Mechanics, and two (2) Electricians per a four (4) shift continuous process operation.

+ Will not fill for Shift Repair



## Vacation Scheduling Procedures, Maintenance Group of the Maintenance Department

The following established the procedure for scheduling vacations in this group and is understood to supersede Article XI, D, 9., a through e. All other portions of this Article and Labor Agreement remain in full force and effect.

- Vacations will be scheduled evenly across the 52 weeks of the calendar year with one employee off per week per vacation group. For those vacation groups which consist of eight or more regularly assigned personnel, two employees per week per group will be allowed off during eight months of the year.
- March, April, September and October are normally the mill outage months. Should conditions result in different mill outage times, the company and the union agree to discuss such changes and may mutually agree to modify the application of available vacation weeks as provide in part a. accordingly.
- Vacation scheduling preference will be by department seniority within each vacation group. Vacation weeks may be signed in one block or split. When vacation weeks are split, the second or third choices are not permitted until the whole group has exercised a first choice by department seniority.
- Vacation weeks vacated during the calendar year which do not exceed the guidelines, will be posted for a period of 96 hours. The senior employee below the employee giving up the week, who bids within the group and who has not previously had the opportunity of taking the week in question, will be given the vacant week.
- "Anniversary" vacation will not be counted as part of the total per group vacations, but will be signed after all other vacation signings at a vacant week following the anniversary date. If there are no

vacant weeks, one additional signing for a given week will be permitted.

Shift Repair will sign vacations by seniority by (J,K,L,M Shifts). One off per group per week across the fifty-two weeks per year.

During the normal sign-up period the shift repair may sign their day week in addition to the above. If taken in this manner the incoming shift will be scheduled to cover the extra four hours for the four days involved (Monday, thru Thursday, 2:30 p.m. to 6:30 p.m.), thereby not requiring this vacation to be filled by the rotating list. If the scheduled shift person desires relief, it shall be their responsibility to obtain this relief. This would take effect for the 1999 calendar year.

If a vacation is requested that falls outside the above criteria the zone foreman, shop steward, and employee will make a good faith effort to work out a solution.

Anything other than the above will be by contract language.

The following information should be considered before signing for vacations.

1. If you elect to take one week of vacation in incremental days, you must indicate this on the sign-up sheet by marking the appropriate block. This choice will not affect the normal vacation signing procedure, except that you will be signing one week less of your normal allowed vacation.
2. It will be the responsibility of the group supervisor to ensure that incremental days are spread evenly throughout the year and not "bunched-up" at the end of the year.
3. As was agreed during departmental negotiations, each group may develop its own method for signing vacations, i.e., who signs first, how many weeks back-to-back, order of signing etc., as long as the entire group is in agreement. If agreement cannot be reached, the established procedure must be used with respect to seniority.
4. Vacations for salaried supervisors should be scheduled separately from that of hourly employees.
5. The first week of January will be the first week for vacation scheduling purposes and the remaining 51 weeks will be the last available weeks. (Please note there are 52 weeks included in the vacation schedule.)

Other factors to consider consist of the following:

1. Incremental vacation (a week of vacation one day at a time). Attached is additional information pertaining to this subject.

Employees may begin taking their selective holidays effective and beginning on January 1<sup>st</sup>. Advance notice and permission to exercise this privilege is necessary prior to the actual taking of any selective holiday under this arrangement. It is therefore necessary that certain guidelines be made and abided by so as to maintain that this holiday arrangement is satisfactorily implemented and monitored and works for both the company and employees. The following represents guidelines for the administration of this holiday arrangement, but these shall not be construed to be limited to these guidelines:

- A. A holiday selection sheet will be passed out throughout the departments in the mill at a time to be specified by the departments, prior to January 1<sup>st</sup>. Individuals will sign up a preference for a holiday (by shift if applicable) in accordance with departmental seniority. This is not a mandatory sign-up selection but is intended to provide advance planning whenever possible.

After employees have signed up, there will be no allowed bumping of holiday selection, whereupon and when the selected date for holiday preference can be granted.

Holidays signed for on the sheet may be changed by the individual with the approval of supervision; however, an advance request must be made as will be noted below

- B. Employees will be allowed the option of working or being off on their choice of holiday provided all other factors are abided by. It will therefore be necessary that employees at the time of their requested day inform supervision as to whether they will work, or will desire to be off on this day.

Supervision will notify employees after the above signing whether the requested date is satisfactory as to operation conditions and thus whether it will be permitted or not.

- C. If after the above an employee seeks to change his/her request, he/she may do so with permission provided the request is made at least for (4) days prior to the new day requested for holiday. Once in emergency situations, to be judged by supervision, will there be a deviation from the time of change notifications as stated above. In these specific situations, it will be necessary that the employee make the request 24 hours in advance of the actual day requested.
- D. At times of illness or injury an employee may re-schedule his/her choice of holiday to a day of illness or injury provided supervisor's approval is granted.
- E. The day to be considered as a holiday under this provision shall be any normally scheduled shift or unscheduled shift. Each employee who has worked under the employment of the company for a minimum of sixty (60) days shall be allowed one (1) day per calendar year under the provision.
- F. There will be no allowed pyramiding of holidays, i.e., employees will not be allowed to designate a holiday under this provision where a holiday already exists under the labor agreement.
- G. In all cases of exercising the right to take a holiday under this provision it will be necessary for the employee to have advance prior permission from supervision.

## Extra work and Call-in Procedure, Maintenance Group of the Maintenance Department

1. Extra Work
  - A. Survey of the appropriate personnel in relationship to job continuation.
  - B. Lacking sufficient volunteers, survey the available shop or crew by way of the voluntary work list.
  - C. Lacking sufficient volunteers, survey any other shop or crew by way of the voluntary work list.
  - D. After having made a reasonable effort to secure volunteers, the company may require employees to work the extra time, if needed, in relationship to job continuation.
  - E. Lacking sufficient personnel, employees may be required and secured from the shop or crew where the work arose by way of the required work list.
  - F. Lacking sufficient personnel, employees may be required and secured from the other shops or crews which were previously surveyed for volunteers by way of the required work list. If necessary, personnel may then be obtained from any shop or crew by way of the required work list.
  - G. Additional information:
    - It is understood that the voluntary and required work lists are two separate lists.
    - Both lists function as continuous rotating lists on a per occurrence basis. Each list should consist of the regular assigned shop or crew members.
    -

- Shift workers on their off shift who are assigned to a day shop or crew should appear last on each of the respective lists for the appropriate shop or crew.
- 
- Job continuation as presently understood shall continue to be applicable in the case of Maintenance Group overtime responsibilities.

2. Extra Work and Call-Ins

- A. Survey of shop or crew personnel on the call-in list where the work arose.
- B. Starting with No. 1 for the man who had the last opportunity of overtime as of 7:00 a.m. Friday, and so on. The same list will be used for a period of one week by the shift repair foreman in case call-ins are necessary. For an employee's name to be placed on this list, the employee must inform his foreman that he would like his name on the list; thereafter, an employee may add or subtract his name from the list at any time, for a succeeding week. It is the employee's responsibility to see that his/his name is on the required list.
- C. Survey of any other available employee from the call-in list.
- D. When the shift repair foreman has called all members of an overtime group and additional employees are needed, he then may call from any group(s) so long as the employee(s) called are the low men in their group(s).
- E. In those situations where specialized skills are needed for the accomplishment of specific work, the individual known to have the skills necessary may be contacted and requested to perform this work without regard to an overtime list. These call-ins will be reviewed by Maintenance, V.P., and will be held to a minimum.

- F. Workload as presently understood with respect to Maintenance Group shift workers shall continue to be applied. Pertaining to temporary vacancy and extra work - extra work incorporates "call-in". Work load pertains to employees in the mill or on the job.
- G. It is understood the Company has no obligations to utilize employees at an overtime or premium time rate if employees are available at the straight time rate. Any employee who agrees to work over the above their regular schedule and does not report as assigned will be subject to the applicable attendance policy guidelines.

### 3. Stagger Days

- A. Stagger outs are permissible for dayworkers after having worked beyond 12:00 midnight and for shift workers after having worked beyond seventeen (17) continuous hours.
- B. If so exercised, a make-up day may be permitted upon approval by the immediate supervisor, provided that the employee involved makes request and approval is granted by the immediate supervisor as to date and shift of make-up.
- C. In all cases, make-up days are intended to be productive work days and recorded as straight time hours that day. Make-ups must be arranged at a mutually agreeable time and in the involved work week, or otherwise forfeited.

### 4. Outage work for Shift Repair

Extra work and overtime on outages will be offered in the following manner. Management reserves the right to determine the number, if any, of available extra people to be used on outages.

- First - Short off,
- Second - Long off



### Third - Incoming Shift

Outage work is defined as planned equipment downtime for the purpose of maintenance scheduled at least 24 hours in advance.

Scheduling off of the 6:30 p.m. to 6:30 a.m. shift should be held to volunteers, and long off scheduling should be held to a minimum. These scheduled long-off shifts will be reviewed by Maintenance, V.P., and held to a minimum.

### Temporary vacancies filling Shift Repair

Temporary shift vacancy of less than one (1) week will be filled by the shift repair foreman.

1. Work will be offered to the "short off" employees, from the classification involved, based on straight rotation (seniority roster).
2. Work will be offered to the "long off" employees, from the classification involved, based on straight rotation (seniority roster).
3. Offer to employees on the job, based on straight rotation (seniority roster).

### Shift Repair vacancy of four (4) hours or less

A vacancy of four hours or less at the beginning of the night shift will be filled as follows:

1. Man on job by classification (rotating overtime list).
2. Short off by classification (rotating overtime list).
3. Long off by classification (rotating overtime list).

A vacancy of four (4) hours or less at the end of the day shift will be filled as follows:

1. Incoming shift by classification (rotating overtime list).
2. Short off by classification (rotating overtime list).
3. Long off by classification (rotating overtime list).

This procedure for filling vacancy of four (4) hours or less is not intended to replace temporary vacancy procedure for vacancy of more than four (4) hours.

Classifications in this article shall mean:

Electrical, Instrument, Machinist, Roll Grinder, and General Mechanic

1.
  - a. Holiday work schedules will be voluntary throughout the department, i.e., work or be off.
  - b. The day shift of shift repair may elect to be off if the holiday falls Monday through Friday.
  - c. All employees volunteering to work may be assigned throughout the mill regardless of area depending on the need.
  - d. If enough employees do not volunteer to work the holiday, employees may be scheduled as needed, as determined by management.
  - e. For clarity purpose, all employees will be assigned work, and the normal workday schedule will be expected in order to maximize the effectiveness of working a holiday.
2. In order to achieve an increased interest to promote to shift repair, the flexibility to change the customary shift schedule was agreed to, i.e., with the approval of the union, the company, and the shift workers involved.
3. The normal hours of work for the Maintenance Department, in total, may be changed in the future as agreed by the company and the union in order to meet the needs of the department.
4. It was agreed that the present vacation scheduling procedure will be followed; however, if a crew and the supervisor determine that a different schedule can be worked out to better meet the need of the employees and the company, the supervisor will have the authority in making the change.
5. It was agreed that whenever salaried vacancies exist that effort will be made to keep the skilled craftsmen in the workforce, i.e., using planners as relief foremen, combining crews under one supervisor, a relief foreman pool, foremen performing own planning, etc., as deemed necessary for the situation. The

Company will not create a vacancy in an hourly position to fill a vacancy in salary.

6. Filter Changer and Fire Inspector will be changes to journeymen classification effective upon ratification of a new labor agreement. Based upon current rates, Filter Changer will change to Step A of the journeyman progression effective upon ratification. Fire inspector will change to Step B of the journeyman progression effective upon ratification. Both jobs will progress based upon the time requirements promoted from Helper.
7. It was agreed that each work group or crew would have the ability to develop their own method for overtime procedures and timekeeping, i.e., voluntary overtime and forced situations. However, if no agreement can be reached within the crew, the present procedure relating to overtime will apply.
8. It is agreed that the toolhouses responsibility will be agreed to by the union and the company
9. In order to improve the general effectiveness and communication of the Maintenance Department relating to contracting work, the planner or originator of a work request will discuss the work with the crew and supervisor prior to contracting the work. The supervisor will be responsible with input from the shop steward to insure that the work is performed.
10. Communications will continue to be held with the union concerning outside contractors. When one contractor finishes and the Company switches to another, this will be discussed with the union vice president.
11. The Company, under the terms of the Labor Agreement, will control in a practical manner the outside services utilized in the

manufacturing of small items that the Machine Shop personnel can fabricate dependent on time available.

12. Any and all contract work being performed in the area should be posted in the area before, during and after the job including the specifications and cost. The use of mill personnel and facilities when ever possible to reduce outside service costs.
13. Day workers and shift workers working the day shift into additional overtime hours will be permitted to stagger out the following day shift when they have continuously worked beyond 12:00 midnight.
14. A permanently assigned shift worker who is assigned to extra work on the day shift will be allowed to continue the present practice of working through the hours assigned and not having to take the unpaid lunch period.
15. In situations where a regular day worker stepped up to shift repair works off the 6:30 p.m. to 6:30 a.m. shift Sunday night back to their normal day shift, they will be permitted to work straight through. It is also understood that their day assignment would end at 2:30 p.m., in this case and that they become a day worker at 6:30 a.m., on Monday.
16. A craft vacancy arising due to the unavailability of either an Apprentice or Helper will be filled when necessary by offering the opening to present journeymen. The offer to fill such a vacancy would be made by surveying the appropriate personnel by seniority. The minimum qualifications required to fill a vacancy would be previous apprentice training or other qualifications as determined appropriate by the Company and Union.

17. The current seniority dates will be reviewed for accuracy by a Maintenance Committee to determine the new seniority dates and accuracy of the old ones.
18. Full participation of job accidents; during the investigation the Union Vice-President of that department will be as equally involved as the Company, and have the right to ask questions, take notes, have photographs taken, make recommendations and receive copies of all pertinent information, including the Company's full report.
19. Vice President and stewards will have a reasonable amount of time to conduct union business.
20. Incremental vacation will be provided for as described in the current agreement.
21. The provisions of this agreement shall supersede all previous side agreements, prior practices, prior guidelines, customs and understandings, whether written or oral that are in conflict with the specific provisions of this new maintenance agreement. There are no other side agreements, memorandums, or understandings. Written or unwritten, signed or unsigned, except contained herein and in the master agreement. This agreement can only be amended by mutual agreement between the Maintenance Department by a majority vote of the effected people in attendance at a meeting. This agreement must be signed by the Company, Local Union, and the International Representative.

\*\*\*\*\* INVESTMENT STRATEGY \*\*\*\*\*

WAGE REDUCTION/INVESTMENT-----13.125%  
HOLIDAY INVESTMENT-----Eliminating six holidays  
(January, 2000)  
VACATION INVESTMENT-----Eliminating 48 hours per  
Employee (January, 2000)  
401-k INVESTMENT-----No matching funds  
STEP-UP PAY INVESTMENT-----Eliminating 10% pay

\*\*\*\*\* HOLIDAY ISSUE FOR 1999 \*\*\*\*\*

In order to maintain some form of order and reduce confusion about our vacation for 1999, we will not be reducing hours this year. However, the cost of the vacation reduction-investment had to be recouped somewhere. Your negotiating committee chose to regain this through a ONE-TIME , 1999 suspension of three additional holidays. The three holidays that will remain for the year 1999 will be your Floating holiday, Thanksgiving Day, and Christmas Day. This will increase back to six total holidays starting January, 2000, and is defined in the Holiday section of the contract.

WHAT HAPPENS TO THE 401-K PLAN FOR THE NEW COMPANY?

- \* FIRST THING TO UNDERSTAND --- CHAMPION IS IN THE PROCESS OF CHANGING THEIR 401-K ADMINISTRATOR TO J.P.MORGAN.
- \* WHAT DOES THAT MEAN TO ME?---CHAMPION WILL NOT RELEASE ANY FUNDS FROM OUR PRESENT 401-K ACCOUNT UNTIL 10/1/99.
- \* THE ISSUE IS,DO WE ROLL OVER THE FULL ACCOUNT INTO THE NEW COMPANY 401-K OR DO WE ALLOW EACH EMPLOYEE THE OPTION TO ROLL OVER THEIR ACCOUNT INTO A IRA OR AN ACCOUNT OF THEIR CHOICE.
- \* THERE ARE A FEW LEGAL IMPLICATIONS TO THE SECOND OPTION THAT EMPLOYEES NEED TO BE AWARE OF.
- \* SOME OF THESE ARE LISTED ON THE NEXT PAGE FOR YOU TO REVIEW.
- \* YOU WILL BE INVOLVED IN MAKING THAT DECISION BEFORE 10/1/99.
- \* WE WILL TRY TO, OVER THE NEXT FEW WEEKS, TO HELP IN THIS PROCESS.



# 401(k) Talking Points

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- The transaction will present the new company with two options for implementing the transfer of our current 401(k) accounts:
  - individual distribution and rollover or
  - a trust to trust transfer of current 401(k) assets to a follow-on plan with a new plan administrator
- Although a distribution and rollover program would allow us to place some of our 401(k) assets into an individual IRA account, it would present several legal and practical problems, including the following:
  - We could not rollover any after tax contributions to an IRA account; as a result, individuals would have to pay tax on the appreciation of their after tax contributions to the Champion 401(k) plan.
  - We could not easily rollover existing 401(k) loans to an IRA account; as a result, we would have to set up a cumbersome mechanism to repay existing loans through a payroll deduction system.
  - Employees would be subject to substantial taxes and penalties if they failed to provide both Champion and the new company with the proper rollover paperwork within 60 days of the distribution date.
  - We would lose the ability to achieve a "bulk discount" in the cost of administrative services provided by a new plan administrator
- Accordingly, the only practical alternative is to implement a trust to trust transfer of our current 401(k) accounts and assets to a follow-on 401(k) plan sponsored by the new company.
  - The new 401(k) plan will have as many or more investment options as the current Champion plan.