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NOTE: The sections of this Agreement hereby amended by negotiations are identified by use of an asterisk (*).

AGREEMENT*

This AGREEMENT, made and entered into the 11th day of October 2005, by and between KELLOGG COMPANY, hereinafter called the "Company," for its plants located in Battle Creek, Michigan; Omaha, Nebraska; Memphis, Tennessee; and Lancaster, Pennsylvania; and the BAKERY, CONFECTIONERY, TOBACCO WORKERS and GRAIN MILLERS (AFL-CIO-CLC) hereinafter called "International Union," and Local Unions, LOCAL NO. 3-G at Battle Creek. Michigan; LOCAL NO. 50-G at Omaha, Nebraska; LOCAL NO. 252-G at Memphis, Tennessee; and LOCAL NO. 374-G at Lancaster, Pennsylvania, hereinafter called either by name or collectively as "Local Unions." This Master Agreement does not constitute a change in the collective bargaining units, the employees in which have been represented by the Local Unions; and each of the Local Unions will continue to represent the employees in its respective bargaining unit.

It has been agreed that certain of the matters heretofore negotiated separately by the Company with each Local Union will be negotiated as a uniform agreement for the employees in each of the bargaining units.

It is the purpose of this Agreement to promote and ensure harmonious relations, cooperation and understanding between the Company and its employees; to encourage economy and efficiency of operations, maintenance of high standards of product quality, elimination of waste, cleanliness of plant, protection of property and safety of employees; and to assure true collective bargaining about working conditions and the general welfare of employees and the matters specifically covered by this Agreement.

ARTICLE 1

SCOPE OF AGREEMENT Section 1.01

- (a) The Company has previously entered into separate agreements for each of its four plants with the respective Local Unions. The agreements at each of the Company's plants, hereinafter referred to collectively as "Supplemental Agreements," shall continue in effect as provided in such agreements except as they may be specifically amended or modified by this Agreement.
- (b) The collective bargaining agreement for each of the bargaining units at the Company's plants shall be this Agreement and the Supplemental Agreements between the Company and the Local Union at each respective plant. The terms and conditions of the Supplemental Agreements shall be binding on the parties thereto regardless of the continuation or termination of this Agreement, and the terms and conditions of this Agreement shall be binding on the parties to this Agreement regardless of the continuation or termination of any Supplemental Agreement.
- (c) This Agreement shall cover only those matters specifically included herein; and in the event that any provision of any of the Supplemental Agreements

- is in conflict with any provision of this Agreement, the provision of this Agreement shall prevail.
- (d) The term "employees" whenever used in this Agreement and for the purposes hereof shall include all those employees included in each bargaining unit as defined in each Supplemental Agreement.
- (e) The provisions of this Agreement and of the Supplemental Agreements are final and binding on the parties. A method is provided for orderly settlement of disputes, which might arise regarding interpretation of the terms of this Agreement or the Supplemental Agreements.
- (f) Those matters which have been covered by provisions in this Agreement shall not, unless the parties thereto agree, be subject to negotiation between the Company and any of the respective Local Unions in an effort to secure changes in or to secure a new Supplemental Agreement. Those matters covered by provisions in a Supplemental Agreement shall not, unless the parties thereto agree, be subject to negotiation between the Company and the International Union in an effort to secure changes in or a new version of this Agreement.

(g) Article headings, section headings, and the section number system are included in this Agreement for convenience only and shall be given no legal effect.

SUPPLEMENTAL AGREEMENTS Section 1.02

The Company will continue to negotiate and enter into Supplemental Agreements with Local No. 3G at its Battle Creek, Michigan plant; with Local No. 50G at its Omaha, Nebraska plant; with Local No. 252G at its Memphis, Tennessee plant; and with Local No. 374G at its Lancaster, Pennsylvania plant. Such Supplemental Agreements shall continue to cover those matters which the parties have agreed are to be negotiated separately by the Company and each Local Union.

RESPONSIBILITIES OF THE PARTIES* Section 1.03

- (a) The International Union and the respective Local Unions each recognize that it is the sole responsibility of management to determine changes and improvements in methods, processes, equipment, materials, supplies and similar matters. Neither this Agreement nor the respective Supplemental Agreements limit the Company's responsibility and authority for decisions regarding any such matters except as specifically provided in this Agreement or the respective Supplemental Agreements.
- (b) The Company pledges itself to give its employees considerate and courteous treatment, and employees in turn pledge themselves to render the Company

loyal and efficient service. The Company and the Union agree to cooperate with each other in developing fair and just working conditions and in carrying out the terms and conditions laid down in this Agreement.

(c) It is agreed that the provisions of this Agreement shall be applied to all bargaining unit employees without discrimination in regard to race, color, religion, sex, age, handicap or national origin. Such employee who claims that he or she has been discriminated against with regard to rights guaranteed by this Agreement might grieve as provided in Article 7.

(d)

(1) Prior to closing a plant, the Company will provide the Union with the information pertaining to the contemplated change; e.g. lack of capacity, unprofitability, etc. This information is to be provided not less than two (2) months before the decision is finalized and will enable the Union to provide its input prior to the decision being finalized. Prior to closing a portion of a plant or discontinuing or transferring a product line or making any change that results in job discontinuances, the Company will notify the Union. The Company will provide all relevant information, studies and data pertaining to a contemplated change. The Union will participate in a study so as to ascertain whether or not the change is a good business decision based on lack of capacity, non-profitability, impact on the work force, etc. This participation in the study will enable the Union to provide its input prior to the decision being finalized.

(2) Regular employees who are displaced as a result of the discontinuance of their permanent job caused by management action in initiating any of the following changes shall be eligible for severance pay:

- (a) A technological improvement in facilities or equipment.
- (b) A change in methods, processes, equipment, materials, supplies and similar matters.
- (c) Permanent closing of a plant, department or part of a department.
- (3) The employee (i.e., Employee A) displaced as a result of the elimination of their permanent job shall have the option of terminating employment and receiving severance pay in accordance with the schedule set forth in Section 1.03(d)(5) or

continuing employment and being placed in accordance with the applicable Supplemental Agreement. If Employee A elects to continue employment and displaces another regular employee (i.e. Employee B), then Employee B shall have the option of terminating employment and receiving severance pay in accordance with the schedule set forth in Section 1.03(d)(5) or continuing employment and being placed in accordance with the applicable Supplemental Agreement.

(4) Notwithstanding the other provisions of this Agreement, any regular employee on layoff for six (6) or more consecutive months shall have the option of terminating employment and accepting severance pay or retaining recall rights. Any regular employee on layoff for eighteen (18) consecutive months may be terminated by the Company and will receive severance pay. (5)*

(a)* For all job discontinuances listed in (2) above, with the exception of a permanent closing of a plant, severance pay shall be paid to eligible regular employees in one lump sum in accordance with the following schedule:

PAYMENT SCHEDULE

0 up to 3 years continuous service \$	3,000
3 up to 7 years continuous service \$	6,000
7 up to 13 years continuous service \$	11,000
13 up to 20 years continuous service \$	16,000
20 or more years continuous service \$	24.000

(b)* In the event of a permanent closing of a plant, severance pay shall be paid to eligible regular employees in one lump sum in accordance with the following schedule:

PAYMENT SCHEDULE

0 up to 3 years continuous service \$	4,000
3 up to 7 years continuous service \$	9,000
7 up to 13 years continuous service \$	16,000
13 up to 20 years continuous service \$	24,000
20 or more years continuous service \$	36.000

- (6) Employees shall not be eligible for severance pay under the Payment Schedule:
 - (a) In the event of termination for any reason [except as provided in Section 1.03(d)], in the event of death, or if an employee is offered employment elsewhere with the Company which does not require relocation, or otherwise accepts employment elsewhere with the Company.

(b) If job discontinuances are caused by reasons other than management-initiated changes or improvements, such as declining sales of the Company.

APPLICABLE LAW Section 1.04

Nothing in this Agreement or the respective Supplemental Agreements may be interpreted in any manner, which would be in conflict with any applicable law. If any provision of this Agreement or of the respective Supplemental Agreements shall be held invalid due to applicable law, the remainder of this Agreement or the respective Supplemental Agreements shall not be affected.

UNION DUES AND UNIFORM ASSESSMENTS DEDUCTION* Section 1.05

The Company will deduct the initiation fee, the regular monthly dues, voluntary BCTGM PAC deductions, and the uniform assessments of the respective Local Union from wages of regular employees and employees designated as seasonal employees who have completed the defined trial period at each plant who give to the Company a written authorization for such deduction; the Company will pay the amounts so collected at each plant to the respective Local Union. It is understood that the

above authorization for the deduction of regular monthly dues and uniform assessments shall remain in effect until the next September 27, and from year to year thereafter, unless this authorization is cancelled by the employee in writing to the Company, with a copy to the Union, within the twenty (20)-day period preceding the end of the yearly period.

UNION SECURITY Section 1.06

- (a) It shall be a condition of employment that all employees of the Company covered by this Agreement, except where prohibited by applicable law, who are members of the Local Union at that plant on the effective date of this Agreement shall remain members; and those who are not members on the day of execution of this Agreement shall, on completion of their trial period, as defined in the Supplemental Agreements, become and remain members of the Local Union at that plant.
- (b) If future legislation permits a union shop agreement in Nebraska or Tennessee, it is agreed that negotiations will then take place for application of subparagraph (a) above to employees in those units.

ARTICLE 2

SENIORITY Section 2.01

- (a) The term "continuous service" wherever used in this Agreement or in Supplemental Agreements, is the period of time that begins with an employee's date of hire. If such service is broken for any of the reasons listed under 1, 2, 3, 4 or 5 below, continuous service shall commence with the employee's most recent hiring date. Continuous service shall not be broken due to layoff or absence due to sickness, injury, leave of absence or other legitimate reasons approved by the Company.
- (b) An employee's continuous service shall be broken for any of the reasons listed below:

- (1) Quits, or
- (2) Is discharged for just cause, or
- (3) Permanent layoff of any employee not designated as a regular employee, or
- (4) Failure to report when contacted as agreed to in the Supplemental Agreements. In the event the Company is unable to contact an employee within a reasonable time, the Company will

forward a certified letter to the employee's last known address. It is the responsibility of the employee to notify the Company immediately of any change in address. If such employee fails to report within ninety-six (96) hours after the Union is notified that such letter was sent [excluding Saturdays, Sundays and holidays], the Company shall be free to terminate the employee.

- (5) Failure to return from a leave of absence within the time specified in Section 2.03.
- (c) This section includes the principles of continuous service agreed upon by the parties as uniformly applicable. The application of seniority at each plant will continue to be negotiated in the Supplemental Agreements and shall be based upon the service of the individual employee at the respective plant where the employee is employed.

(d) Employees who transfer to positions outside the bargaining unit after September 29, 1996 and are allowed by the Company to return to the bargaining unit shall not accumulate seniority but shall have a new seniority date established.

Those employees who have transferred from the bargaining unit prior to September 29, 1996 and are allowed by the Company to return to the bargaining

unit shall retain their accumulated bargaining unit seniority. Their adjusted seniority shall reflect the seniority accumulated while in the bargaining unit.

TRIAL PERIOD Section 2.02

The provisions for the trial period are covered in the respective Supplemental Agreements.

LEAVE OF ABSENCE* Section 2.03

(a) An employee will be granted a leave of absence without pay for a specified period of time for military service, as provided by law. Upon application, the Company may grant a leave of absence without pay for a specified period of time for legitimate personal reasons. An employee unable to work because of personal illness (including disability for pregnancy) or injury, verified by medical facts which establish disability, will be considered on an illness leave. The leave will be continued by the Company for a specified period of time, if such is necessary in the opinion of both the employee's and the Company's doctor. In the event of disagreement between the two doctors, the employee may, within ten (10) days of receiving

notice of the Company doctor's opinion, request that an impartial, qualified doctor be selected jointly by the Company and the President (or Business Agent) of the Local Union. The doctor so selected shall be provided reports of preceding examinations, make their own examination, and give their decision and recommendation for extension of such leave or termination. The decision will be accepted by the Company, the Union and the employee. The cost of the third doctor shall be shared equally by the Company and the Union.

The Company will furnish the Local Union each week a list of the employees who have been granted a leave of absence, showing reason and authorized duration. Such authorized leaves of absence shall not interrupt the accumulation of seniority.

(b) Any regular employee who may be elected to a political office or elected or appointed to an AFL-CIO central and/or state body or an office in the Local or International Union which will require the employee to be absent from work with the Company for an extended period of time shall be granted a leave of absence without pay to serve in such office. At the completion of such term of office, the employee shall, upon application to the Company, be reinstated to such employee's job with all seniority rights; in such event, other employees will consent

to such changes in assignment and classification as may be necessary to reinstate such a returning employee. Leaves of absence for this purpose will be renewed.

- (c) Employees elected as a delegate to represent the Local Union will be granted the necessary time off without pay to handle such assignments.
- (d)*The Company will grant to those employees who have completed thirty (30) years of service, or are at least age fifty-five (55) with fifteen (15) years of service, or at least age sixty-two (62) with five (5) years of service, a special leave of absence without pay preparatory to retirement, provided such leave is taken and completed between November 1 of one year and April 1 of the next year. Such special leave of absence shall not extend beyond twelve (12) weeks in duration. A leave under this section must be applied for at least two (2) weeks in advance of the time off requested, except in cases of bona fide emergency. A leave under this section will not be granted for less than a period of two (2) weeks, as such requests will be granted as excused time off.

ARTICLE 3

VACATIONS, NUMBER OF WEEKS Section 3.01

- (a) An employee shall become eligible for a vacation on a calendar-year basis under the following terms and conditions:
 - (1) One (1) week after the first anniversary of continuous service, provided the employee has worked one (1) day or more in each of forty-two (42) separate calendar weeks during the first year and on a pro rata basis if less than forty-two (42) weeks as provided in 3.02(b)(2)(a). After the first anniversary of employment and during each calendar year thereafter, eligibility for vacation will be in accordance with the provisions of Section 3.02.
 - (2) Upon completion of two (2) years of continuous service with the Company, and during each calendar year thereafter until the calendar year in which the employee becomes eligible for three (3) weeks vacation, an employee will be granted two (2) weeks vacation.

- (3) Upon completion of five (5) years of continuous service with the Company, and during each calendar year thereafter until the calendar year in which the employee becomes eligible for four (4) weeks vacation, an employee will be granted three (3) weeks vacation.
- (4) Upon completion of thirteen (13) years of continuous service with the Company, and during each calendar year thereafter until the calendar year in which the employee becomes eligible for five (5) weeks vacation, an employee will be granted four (4) weeks vacation.
- (5) Upon completion of nineteen (19) years of continuous service with the Company, and during each calendar year thereafter until the calendar year in which the employee becomes eligible for six (6) weeks vacation, an employee will be granted five (5) weeks vacation.

(6) Upon completion of twenty-five (25) years of continuous service with the Company, and during each calendar year thereafter, an employee will be granted six (6) weeks vacation.

ELIGIBILITY Section 3.02

- (a) To be eligible for a vacation as provided in Section 3.01 above, an employee must have worked or received a regular day's pay for one (1) or more days in twenty-six (26) calendar weeks during the preceding calendar year. This required period of time will be reduced by the number of full calendar weeks up to a maximum of ten (10) weeks the employee was absent from work during the preceding calendar year because of illness, pregnancy or injury. Regular employees absent from work from time to time in order to serve as a Union delegate, committee member, or Union officer will not be disqualified for vacations under this paragraph due to such absence.
- (b) For the purpose of determining eligibility for vacations, the weeks of vacation time off in the preceding calendar year will be counted as weeks worked as required in subsection (a) above. Weeks not worked by the employee due to an injury covered by the Workers' Compensation Law, in the year the injury is sustained and the year immediately succeeding, will be counted as weeks worked as required in subsection (a) above.
 - (1) An employee eligible for vacation time off under Section 3.01, but who has not satisfied the

requirements of Section 3.02(a) above, may take up to the number of vacation weeks off to which the employee is eligible under the provisions of Section 3.01; but the employee's vacation pay will be determined in accordance with the provisions of subsection 3.02(b)(2)(a) below.

(2) An employee eligible for vacation time off under Section 3.01, but who has not satisfied the requirements of Section 3.02(a), shall be paid their total vacation pay in one (1) payment on the last payday preceding the first period of vacation time off the employee takes during the calendar year.

The amount of such vacation pay will be computed in the following manner:

(a) Partial vacation pay will be 1/52, 2/52, 3/52, 4/52, 5/52, or 6/52, depending on the number of years of continuous service as defined in Section 3.01, of the sum derived from the pay formula in Section 3.03 multiplied by the number of weeks of work for which the employee was credited during the preceding calendar year, or during the first anniversary year in the case of an employee with one (1) year of service.

(c) Partial vacation time off and partial vacation pay may not be accumulated from one (1) year to the next but must be taken in the year in which the employee qualifies for such partial vacation time off and partial vacation pay.

VACATION PAY Section 3.03

- (a) One (1) week of vacation pay will be two percent (2%) of the employee's yearly earnings for the preceding calendar year. For purposes of this section, yearly earnings shall include payments made under Workers' Compensation and the Supplemental Work Injury Benefit Plan. Yearly earnings for employees with only one (1) year's continuous service will be determined on the basis of the anniversary year, not the calendar year. One (1) week of vacation pay will be not less than forty (40) hours straight-time pay for all jobs and classifications which work a normal day, as defined in the Supplemental Agreement at that plant, of not less than eight (8) hours.
- (b) Vacation pay will be available on the payday prior to the starting date of the vacation provided the employee has turned the application for vacation pay in to the departmental supervisor not less than two (2) weeks prior to the starting date of the vacation.

TIME OF TAKING VACATION Section 3.04

Vacations will be granted at such times of the year as is found most suitable considering both the wishes of the employee and the requirement of plant operations. The scheduling of vacations shall be subject to the respective Supplemental Agreements and the practices at each plant.

SEPARATE WEEKS OF VACATION Section 3.05

(a) An employee eligible for two (2) or more weeks of vacation may be permitted to divide the vacation time off into separate periods [each of such periods to be not less than one (1) entire calendar week] insofar as vacation schedules at the plant permit. An employee eligible for two (2) or more weeks of paid vacation may, at the employee's option, take one (1) week's vacation time off or may defer not more than one (1) of said weeks of vacation time off until a succeeding calendar year.

(b) Vacations will be completed each calendar year, except that an employee eligible for two (2) or more weeks of vacation time off may, as provided in subsection (a) above, postpone one (1) of such weeks until a succeeding year. An employee may not accumulate such postponed weeks of vacation time off so that in any calendar year the number of such postponed weeks and the number of weeks of vacation time off for which the employee is eligible in that year total more than eight (8) weeks. Pay for postponed vacation weeks will be at the same rate as the regular vacation pay in the year in which such postponed vacation time off is taken. During any calendar year an employee may exercise only one of the options of either postponing vacation time off or receiving pay in lieu of time off as provided in subsection (a) above.

(c) In the event an employee has been absent from work during a calendar year for seven (7) or more workdays because of layoff, excused absence or approved leave of absence, but not because of a disciplinary suspension or a dispute between the Company and the International Union or the Local Union at that plant, such employee may receive, at the employee's option, vacation pay in lieu of being required to take vacation time off if such periods of absence are equivalent in duration to vacation time off for which the employee is eligible. Absence from work for periods of a full calendar week or longer due to illness may also be used in lieu of vacation time off.

STARTING DAY Section 3.06

All vacation weeks will start on Monday and end on Sunday (Sunday will be included in the vacation week for time off), except that the Company may permit a change (e.g., split week), if practical, for individual employees.

TERMINATION OF EMPLOYMENT Section 3.07

(a) In the event an employee's services with the Company are terminated for any reason, vacation pay will be granted for any vacation not taken during the calendar year for which the employee would have been eligible at the date of termination. (b) In addition to the vacation allowance earned during a preceding calendar year, an employee retired or terminated for any reason after the second anniversary of continuous service with the Company shall receive vacation benefit for the calendar year in which termination or retirement commences for each week of vacation the employee might have otherwise been qualified for at the time of the employee's termination based on the years of service requirements of Section 3.01, prorated as described below:

- (1) The vacation benefit in 3.07(b) above shall be computed by multiplying two percent (2%) times the employee's earnings in the year of termination or retirement.
- (c) Where termination is by death, the payment will be made in the same manner as if there were accrued wages to be paid.

EXTRA TIME OFF Section 3.08

- (a) The decision as to whether to permit extra time off in excess of the amount of vacation time off for which the employee is eligible will be made by the Company after consideration of the following factors:
 - (1) Whether the employee can be spared from their job for the particular time requested. Generally, an employee can be "spared from their job" during a time when another similarly qualified employee could be recalled from layoff. An employee cannot be "spared from their job" if the absence would result in hiring additional people or scheduling overtime for other employees.
 - (2) The existence of similar requests of other employees with more seniority.

HOLIDAYS

NUMBER AND OBSERVANCE* Section 3.09

(a)* Employees will receive fourteen (14) holidays with pay when eligible as provided in this Agreement. During the term of this Agreement, the holiday schedule will be as follows:

October 2, 2005 to December 31, 2005

Columbus Day	Mon., Oct. 24
Thanksgiving Day	Thurs., Nov. 24
Day after Thanksgiving	Fri., Nov. 25
Day before Christmas	Sat., Dec. 24
Christmas	Mon., Dec. 26
Day before New Year's	Sat., Dec. 31

January 1, 2006 to December 31, 2006

New Year's Day	Mon., Jan. 2
Martin Luther King's Birthday	Mon., Jan. 16
Good Friday	Fri., Apr. 14
Day after Easter	Mon., Apr. 17
Memorial Day	Mon., May 29
Day before Independence Day	Mon., July 3
Independence Day	Tues., July 4

Labor Day

Columbus Day

Mon., Oct. 9

Thanksgiving Day

Day after Thanksgiving

Day before Christmas

Christmas

Day before New Year's

Mon., Dec. 24

Sun., Dec. 25

Sun., Dec. 31

January 1, 2007 to December 31, 2007

New Year's Day Mon., Jan. 1 Martin Luther King's Birthday Mon., Jan. 15 Good Friday Fri., Apr. 6 Day after Easter Mon., Apr. 9 Memorial Day Mon., May 28 Independence Day Wed., July 4 Day after Independence Day Thurs., July 5 Labor Day Mon., Sept. 3 Columbus Day Mon., Oct. 8 Thanksgiving Day Thurs., Nov. 22 Day after Thanksgiving Fri., Nov. 23 Day before Christmas Mon., Dec. 24 Tues., Dec. 25 Christmas Day before New Year's Mon., Dec. 31

January 1, 2008 to December 31, 2008

New Year's Day	Tues., Jan. 1
Martin Luther King's Birthday	Mon., Jan. 21
Good Friday	Fri., Mar. 21
Day after Easter	Mon., Mar. 24
Memorial Day	Mon., May 26
Day before Independence Day	Thurs., July 3
Independence Day	Fri., July 4
Labor Day	Mon., Sept. 1
Columbus Day	Mon., Oct. 13
Thanksgiving Day	Thurs., Nov. 27
Day after Thanksgiving Day	Fri., Nov. 28
Day before Christmas	Wed. Dec. 24
Christmas Day	Thurs., Dec. 25
Day before New Year's	Wed., Dec. 31

January 1, 2009 thru September 27, 2009

New Year's Day	Thurs., Jan. 1
Martin Luther King's Birthday	Mon., Jan. 19
Good Friday	Fri., Apr. 10
Day after Easter	Mon., Apr. 13
Memorial Day	Mon., May 25
Day before Independence Day	Fri., July 3
Independence Day	Sat., July 4
Labor Day	Mon., Sept. 7

- (b) Memorial Day shall be observed at all plants on the last Monday in May in accord with the federal regulations governing the observance of holidays. With regard to all other holidays, the Company and the respective Local Unions may provide in the respective Supplemental Agreements that any specified holiday which falls on a Tuesday, Wednesday or Thursday may be observed in that same year on Monday or Friday of the same week.
- (c) If any of the holidays covered by this Agreement, except December 24 and December 31, fall on a Sunday, the holiday shall be observed on the following Monday. When December 24 and December 31 fall on a Sunday and are observed as a holiday under this Agreement, it shall be observed on that day. A holiday observed on a Saturday or a Sunday shall be recognized as a paid holiday at straight-time rates.

- (d) In the event federal or state law shall provide that a holiday specified above or in one of the respective Supplemental Agreements shall be observed on a day other than the day on which the holiday falls, that holiday will be observed at each plant on the day specified by the law applicable at that plant.
- (e) Holiday pay will be paid at the regular straight-time hourly rate as provided for in the Supplemental

Agreement or as determined by local plant practice for the number of hours in their normal workday.

ELIGIBILITY Section 3.10

- (a) Regular employees at each plant shall be eligible to receive holiday pay for a holiday listed in Section 3.09(a), provided:
 - (1) They work one (1) day or are on a regularly scheduled vacation in the calendar month in which the holiday is observed. The definition of "a regularly scheduled vacation" is a vacation applied for and approved in advance of the week in which it will be taken or paid.

- (2) They work the holiday, if scheduled, unless excused or are otherwise absent due to illness or such other legitimate reasons as are beyond the discretion and control of the employee, provided that the employee shall notify the Company as soon as is reasonably possible of such absence.
- (b) If a holiday is observed during an employee's vacation period, the employee shall receive holiday pay in addition to vacation pay.
- (c) Notwithstanding the eligibility of employees to receive holiday pay under paragraphs (a) and (b) of

this Section, employees shall not receive holiday pay for any holiday which occurs during a strike, work stoppage or lockout, except that this limitation shall not apply to employees who are on a regularly scheduled vacation during such a strike, work stoppage or lockout.

WORK ON HOLIDAY Section 3.11

(a) An employee who works a shift on an observed holiday, as set forth in Section 3.09(a), shall be paid, in addition to holiday pay at straight-time as provided in Section 3.09(e), for such hours worked at the rate of two (2) times the job rate as determined by local plant practice or the Supplemental Agreement at that plant.

Hours worked on the observed holiday as overtime from the preceding day, when reporting early on the day after the holiday, or hours worked in excess of normal shift hours will be paid at three (3) times the job rate. For the purpose of pay computation, holidays begin at the starting time for a normal day as defined in the Supplemental Agreements.

(b) For the purpose of computing overtime pay during a week in which a holiday covered by this Agreement is observed, an employee eligible for holiday pay

shall be credited with the number of hours in the normal workday as defined in the Supplemental Agreement at that plant, except when the holiday is observed on a Saturday or a Sunday.

JURY DUTY, SUBPOENAED WITNESS AND DEPOSITIONS Section 3.12

- (a) An employee who is absent from work on a day he/ she is scheduled to work due to service on a jury will receive normal straight-time pay. To be eligible to receive such pay, the employee must notify the plant office by telephone immediately upon receiving the summons to serve on a jury and provide a copy of the summons to the Company.
 - Third shift employees may elect to be excused either the night before jury duty or the day of jury duty.

(b) An employee who is absent from work on a day he/ she is scheduled to work due to being compelled to appear as a subpoenaed witness in a court proceeding or for a deposition in a court proceeding to which he/ she is neither the plaintiff nor the defendant will receive normal straight-time pay. The notification and proof requirements described in Section 3.12(a) must be met. Third shift employees may be excused for that part of the night after being compelled to appear as a subpoenaed witness or for a deposition if the excusal is reasonably needed by the employee because of the timing and length of the appearance. This excusal may be for the entire shift if appropriate. Employees will make good faith efforts to schedule appearances so as to minimize conflict with their work schedules.

FUNERAL LEAVE Section 3.13

- (a) An employee who, because of the death of their spouse, child or stepchild, is absent from work on a day he/she was scheduled to work will be paid up to five (5) days pay (each day at normal daily straighttime hours) for working time lost as a result of the death.
- (b) An employee who, because of the death of a member of their immediate family, is absent from work on a day he/she was scheduled to work will be paid up to three (3) days pay (each day at normal daily straighttime hours) for working time lost. The day following the funeral may be included as one (1) of the up to three (3) days provided for in this section. For purpose of this paragraph, a member of an employee's immediate family is one of the following: mother or

stepmother, father or stepfather, brother, stepbrother, or half brother, sister, stepsister, or half sister, grandchild or dependent for whom the employee is legal guardian as defined in Section 9(d) of Summary-Group Insurance.

(c) An employee will be permitted one (1) day off with pay (at normal daily straight-time hours), if he/she was scheduled to work on that day, to attend the funeral, wake or memorial service of their foster father, foster mother, mother-in-law, father-in-law, stepfather-in-law, stepmother-in-law, brother-in-law, sister-in-law, grandparents, grandparents-in-law, sonin-law and daughter-in-law. This provision does not apply in the case of the death of a stepbrother-in-law or stepsister-in-law. (d) An employee excused to serve as a pallbearer for a deceased employee or retiree, will be paid their normal straight-time hourly rate for working time lost during their scheduled shift. Time lost will apply only to the time required to perform the service on their regularly scheduled shift.

ARTICLE 4

PAYDAY Section 4.01

Employees shall be paid weekly on the same day except when a holiday intervenes or in the event that unavoidable interruptions delay the preparation of paychecks.

MANUAL WORK BY SUPERVISION Section 4.02

- (a) Supervisors, foremen and other plant personnel excluded from the bargaining unit will not be permitted or assigned to do work covered by the bargaining unit, except as outlined below:
 - (1) Instructing and/or training employees.
 - (2) Demonstrating the correct use of tools or equipment.
 - (3) Acting to prevent an accident or injury to an employee or to prevent product or equipment damage.
 - (4) Experimental or developmental assignments not for production and not replacing employees on bargaining unit work.

ARTICLE 5

WAGES Section 5.01

All matters pertaining to hourly wages for Locals 3G, 50G, 252G and 374G are included as part of this Agreement and are contained in the Wage Appendix, which is contained in this Master Agreement.

NIGHT RATE PREMIUMS Section 5.02

Night rate premiums shall be paid for all hours worked on the second shift of twenty-nine (29) cents per hour and for all hours worked on the third shift of thirty-six (36) cents per hour. The administration of this paragraph shall be provided in the respective Supplemental Agreements and in accordance with the practices at the respective plants.

HOURS Section 5.03

Eight (8) hours shall constitute a day's work and forty (40) hours a week's work for the purpose of computing overtime, except for specific exceptions covered in the Supplemental Agreements. This shall not be considered as a limitation upon the number of hours per day or days

per week the Company may operate its plants or schedule its employees, except as may be specifically covered under local plant practices or agreements.

OVERTIME Section 5.04

(a) Time and one-half will be paid for all hours worked in excess of the normal workday and for all hours worked on Saturday, except as follows:

An employee in a department which normally operates seven (7) days per week will be paid such rate for hours worked on a regular shift on what would otherwise be their first scheduled day of rest in that workweek. This paragraph recognizes the first scheduled day of rest for such employees as equivalent of Saturday, as agreed to in the Supplemental Agreements.

- (b) Double time will be paid for all hours worked on Sunday. Sunday is defined as the twenty-four (24)consecutive-hour period beginning at the starting time of the first shift on Sunday as defined in the respective Supplemental Agreements.
- (c) Time worked on Sundays will not be counted in computing the overtime for hours worked in excess of the normal workweek, nor will premium or overtime pay be pyramided for the same hours worked in any circumstances.

(d) All other matters pertaining to overtime pay not specifically included herein are excluded from this Agreement and specifically reserved to negotiation for and inclusion in the respective Supplemental Agreements.

REPORTING PAY Section 5.05

The provisions for reporting guarantee, call pay, early reporting pay, or similar provisions will be covered in each of the Supplemental Agreements.

ARTICLE 6

HOSPITAL, MEDICAL AND LIFE INSURANCE BENEFITS Section 6.01

A schedule of hospital, medical, surgical, major medical, prescription drug, dental, disability, accidental death and dismemberment, and life insurance coverage for all regular employees covered by this Agreement has been established. Further information about these benefits is found in the Summary of Group Insurance beginning on page 55 of this Agreement.

EXTENSION OF WEEKLY BENEFITS, NON-OCCUPATIONAL SICKNESS AND ACCIDENT Section 6.02

The Company agrees to extend the plan of benefits referred to as "Non-Occupational Sickness and Accident Disability" benefits for a maximum of twenty-six (26) weeks beyond the period provided in the group insurance policy for each separate disability. Determination of eligibility and continuation of these benefits will be the same as established under the insured portion of this coverage except as follows:

This benefit will be offset to the extent an employee receives retirement or disability benefit payments under the Social Security Act.

Supplemental Work Injury Benefit Plan (Includes Sections 6.03 through 6.07)

EMPLOYEE ELIGIBILITY Section 6.03

- (a) An hourly employee who has completed the probationary period of employment shall be deemed eligible to receive the prescribed benefits of this Plan if they meet each of the following qualifications and conditions:
 - (1) While in the employ of the Company, the employee becomes totally disabled after the effective date of this Plan as the result of an accident or an industrial illness arising out of or in the course of employment at Kellogg's.

- (2) The employee's total disability is the result of an accident or an industrial illness arising out of and in the course of employment by the Company.
- (3) The employee gives notice to the Company representatives, as designated in the Supplemental Agreement for the plant at which the employee is employed, within twenty-four (24) hours of the specific accident or industrial illness (from the time so medically diagnosed) causing total disability. When circumstances

prevent such notice being given within the prescribed twenty-four (24) hour period, the employee shall have an additional period, not to exceed forty-eight (48) hours, in which to give such notice.

- (4) The employee is eligible for and receiving weekly benefits under the Workers' Compensation Law on account of such total disability.
- (5) The injury or illness for which the employee received medical care continues to be disabling and one for which the employee continues receiving treatment by a Company Health Service Department or Company physician, or such treatment and medical services as are authorized by a Company Health Service Department, a Company physician, the Company's Workers' Compensation insurer, or as may be otherwise provided by law.

- (b) Notwithstanding an employee's eligibility under paragraph (a) of this Section 6.03, an employee shall be deemed disqualified and ineligible to receive the prescribed benefits of this Plan as of the date of any of the following events or circumstances:
 - (1) If the Company's liability under Workers' Compensation Law is settled by redemption.

- (2) If, as a result of the accident or illness, the employee obtains damages, compensation or any other form of remuneration from a third party pursuant to a judgment against or settlement obtained from the third party.
- (3) If the employee's employment is terminated by death, retirement, voluntary termination or discharge.
- (4) If the Company determines, based on competent medical advice, that the employee is not totally disabled.

BENEFIT COMPUTATION Section 6.04

(a) For each week of total disability, the supplemental benefit shall be the difference between two-thirds (2/3) of the "employee's base weekly wage," as hereinafter defined, and the amount of benefits for which the employee is eligible under the Workers' Compensation Law. For each partial week of total disability, the Supplemental Benefit shall be the product of the "SWIB factor," as hereinafter defined, multiplied by the difference between two-thirds (2/3) of the "employee's base weekly wage," as hereinafter defined, and the amount of benefits for which the employee would have been eligible under

- the Workers' Compensation Law if the period of total disability had been a full week.
- (b) For purposes of computing benefits under this Section 6.04, the term "employee's base weekly wage" is defined as that wage which is the result of multiplying the employee's hourly rate for the job he/she is working at the time of their injury by the average number of hours the employee has worked per week.
 - The employee's hourly rate shall include, if applicable, their night shift premium and costof-living allowance and exclude, if applicable, any incentive or bonus.
 - (2) The average number of hours the employee has worked per week shall be determined by taking the weekly average of the number of hours the employee worked during the sixteen (16) weeks immediately preceding the disability, provided that no week in which the employee worked less than three (3) days shall be included in computing the weekly average.

(c) For purposes of computing benefits under this Section 6.04, the term "SWIB factor" is defined as that fraction whose denominator is the amount of benefits for which the employee would have been eligible under the Workers' Compensation Law if the period of total disability had been a full week and whose numerator is the amount of benefits for which the employee is eligible under the Workers' Compensation Law for the partial week of total disability.

(d) For purposes of computing benefits under this Section 6.04 for any week, or proportionate part thereof, during which an employee is otherwise eligible under Section 6.03, but is ineligible to receive benefits under the Workers' Compensation Law due solely to the applicability of a statutory waiting period, the employee's amount of weekly benefits under the Workers' Compensation Law shall be deemed to be zero (0); and, in the event of a partial week of total disability, the SWIB factor shall be determined as though the statutory waiting period were not applicable and the employee is otherwise eligible to receive benefits under the Workers' Compensation Law.

BENEFIT DURATION Section 6.05

Supplemental benefits payable under this Plan shall not exceed fifty-two (52) benefit weeks for any one (1) total disability. However, in the event an employee shall return and be continuously available for work for a period of thirty (30) calendar days (including holidays), the

benefit period for any one (1) total disability shall be extended for an additional period not to exceed twenty-six (26) benefit weeks.

REIMBURSEMENT Section 6.06

An employee shall be obligated to reimburse the Company for benefits received under this Plan under any of the following circumstances in such amount as is stated therein:

If, as a result of the accident, the employee obtains damages, compensation or any other form of remuneration from a third party pursuant to a judgment against or settlement obtained from the third party, the employee shall be obligated to reimburse the Company for all supplemental benefits received for the total disability.

MISCELLANEOUS Section 6.07

- (a) For purposes of this Section:
 - The term "Workers' Compensation Law" refers to the Workers' Compensation Law of the state where the plant that employs the employee is located.

- (2) The term "week" refers to the consecutive seven (7) day period immediately following the workday on which the employee becomes totally disabled.
- (3) The term "benefit week" refers to any week for which a supplemental benefit is paid under the provisions of this Plan or any predecessor plan.
- (b) Any decision or finding of compensability by any court or any Workers' Compensation Commission or Hearing Officer or any other duly authorized agent or agency of a Workers' Compensation Commission shall not be binding in any respect on the Company in connection with this plan.

(c) The benefits under this Plan may not be assigned, transferred or alienated in anticipation of payment either voluntarily or by involuntary act or by operation of law. Also, it shall not be subject in any way for the debts or defaults of any employee; and any attempted assignment, transfer or alienation or other disposition of such benefits shall be void.

ARTICLE 7

GRIEVANCE PROCEDURE Section 7.01

- (a) A grievance is defined as any dispute involving the application or interpretation of any provision of this Agreement. The parties are agreed that it is of the utmost importance to adjust grievances as quickly as possible; and to that end, grievances must be filed in writing promptly and without unreasonable delay by the employee or employees directly concerned or by the Union representatives of such employee or employees.
- (b) Any grievance under this Agreement shall be subject to the grievance procedure provided for in the Supplemental Agreement at the plant at which such grievance has arisen.
- (c) For the purpose of any grievance under this Agreement only, there shall be deemed to be added to the grievance procedure provided for by each Supplemental Agreement an additional step which must, unless in special cases the parties agree otherwise, precede submitting the grievance to arbitration. Under said additional step, the grievance shall be submitted by the Local Union representative at that plant within thirty (30) working days of

completion of the last step prior to submission of the dispute to an outside arbitrator as provided in Section 7.02 of this Agreement to the duly authorized representative of the Company's Labor Relations Department and the duly authorized representative of the International Union for their consideration.

(d) If a satisfactory settlement of the grievance cannot be reached at this point within thirty (30) calendar days following the submission provided for in subsection (c) above, the Union may submit the grievance to arbitration at that plant as provided in Section 7.02, provided, however, that in the event circumstances require it, the thirty (30) calendar-day period specified above may be extended by agreement of the Company and the International Union.

(e) Grievances of a general nature which affect all or a large number of employees of one (1) or more departments may be entered by an officer of the Local Union at the committee level of the grievance procedure prior to arbitration.

ARBITRATION OF GRIEVANCES Section 7.02

(a) In the event that a grievance arising under either this Agreement or under one of the respective Supplemental Agreements is not settled during the

grievance procedure, the Union may submit the grievance to arbitration. A request that the grievance be submitted to arbitration must be made in writing within thirty (30) working days after the completion of the final step prior to arbitration provided by the grievance procedure.

(b) The Arbitration Board shall be composed of two (2) persons selected by the International Union in the event of disputes arising under this Agreement, or by the respective Local Union at the plant at which the grievance has arisen in the event of disputes arising under the Supplemental Agreement at that plant, and two (2) by the Company.

(c)

(1) In the event that a majority of the four (4) members of the Arbitration Board cannot agree on a settlement of the matter referred to them within three (3) working days, they shall, unless the parties otherwise agree, immediately request the Federal Mediation and Conciliation Service office nearest the plant at which the grievance arose to submit two (2) identical copies of a list of at least eight (8) qualified arbitrators chosen from their panels. Upon receipt of said copies of the list, the parties will immediately begin the determination of the person to be asked to

serve as the fifth member and Chairperson of the Arbitration Board. Each party will first strike from their copy of said list the names of any persons whom he/she would not accept and then number the remaining names in order of their preference. The copies of the list will then he returned to the Federal Mediation and Conciliation Service, and the appointment will be offered to the person who stands highest in mutual preference. If the appointed person is unable to serve, the person with the next highest mutual preference will be offered the appointment. This procedure will be continued until a person has been appointed who can serve or until the names remaining on the list have been exhausted, in which event the parties will ask the Federal Mediation and Conciliation Service to submit two (2) new identical copies of a list of at least eight (8) qualified arbitrators chosen from their panels. This procedure will be continued and additional lists will be requested from the Federal Mediation and Conciliation Service until a person has been appointed who can serve.

(2) The Company and the Union at the plants may agree to establish a permanent panel of arbitrators.

- (d) The arbitration will proceed without unavoidable delay under the voluntary arbitration rules then in effect of the Federal Mediation and Conciliation Service, provided such rules do not conflict with the provisions of this Agreement; in the event of such conflict, the provisions of this Agreement shall control.
 - Either party may introduce such evidence and oral testimony as it may desire to said Board. Company and International Union and Local Union members of the Arbitration Board may serve as witnesses and as spokespersons for their respective party during the arbitration hearing.
- (e) The Arbitration Board shall have no power to add to, take from, amend, modify or alter this Agreement or any Supplemental Agreement. The Arbitration Board shall render its decision and award within a reasonable time after the completion of the final hearing. The decision and award of the majority of the members of the Arbitration Board shall be final and binding upon both parties. Either party may request clarification of the decision and award within three (3) working days after the decision and award have been received.

(f) The expenses and fees of the Chairperson of the Arbitration Board shall be borne equally by both parties.

ARTICLE 8 CONTRACT TERM AND ASSURANCE

STRIKES AND LOCKOUTS Section 8.01

- (a) During the life of this Master Agreement, no strike or work stoppage in connection with disputes arising hereunder shall be caused or sanctioned by the International Union, any of the Local Unions or by any member thereof; and no lockout shall be ordered by the Company in connection with such disputes.
- (b) It is agreed that any authorized legal strike that may be called by a Local Union or any lockout by the Company on or after the expiration of the Supplemental Agreement at that plant in an effort to secure changes in or to secure a new Supplemental Agreement shall not be deemed a breach of the provisions of this Agreement prohibiting strikes or work stoppages and lockouts during the life of this Agreement.

(c) It is agreed that any authorized legal strike that may be called or any lockout by the Company on or after the expiration of the Master Agreement in an effort to secure changes in or a new Master Agreement shall not be deemed a breach of the provisions of any Supplemental Agreement.

STRIKE AND LOCKOUT NOTIFICATION Section 8.02

If, upon termination of this Agreement or any of the respective Supplemental Agreements, the Local Union at that plant decides to engage in a strike or work stoppage or the Company decides to engage in a lockout, the party deciding to engage in such action at that plant will provide forty-eight (48) hours advance notice before the strike, work stoppage or lockout is to be effective.

DURATION* Section 8.03

- (a)* This Agreement shall become effective as of October 2, 2005, and shall remain in full force and effect until September 27, 2009. The Agreement shall continue in effect without change from year to year thereafter, except that either party to this Agreement who wishes to terminate, amend or modify this Agreement on September 27, 2009, or at the end of any yearly period thereafter, shall give written notice to the other party not less than sixty (60) days prior to the anniversary date of the Agreement.
- (b) If the purpose is to open the Agreement for amendment, the notice shall indicate the nature of each proposal; and negotiations shall begin not less than thirty (30) days before the anniversary date.

- (c) If agreement covering amendments to this Agreement is not reached by the anniversary date, negotiations shall continue if mutually agreeable. This Agreement, as so amended, shall continue in effect without change from year to year thereafter unless terminated or again amended as above.
- (d) During the pendency of negotiations, the terms and conditions of this Agreement, as they existed prior to the commencement of such negotiations, shall continue in full force and effect.
- (e) This Agreement also may be amended or revised in any of its provisions at any time during its existence, provided such amendments are approved in writing and subscribed to by all parties in the Agreement.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT this 11th day of October 2005.

2005 Negotiating Committee

BAKERY, CONFECTIONERY, TOBACCO WORKERS AND GRAIN MILLERS

(AFL-CIO-CLC)

Robert Oakley, International Vice President Micheal Konesko, International Vice President

Local No. 3G

Rocky Marsh, President William Eason, Vice President Mike Riffey, Recording Secretary

Local No. 50G

Michael Jens, Business Agent Ken Milan, Committee Member Joe Smejkal, Committee Member

Local No. 252G

Mick Ford, President Earl Earley, Recording Secretary Margie Lenton, Chief Steward

Local No. 374G

Thomas Steiner, President Rodney Brown, Vice President Jim Cummings, Chief Steward

KELLOGG COMPANY

Mike Gallaway - Senior VP, Morning Foods Operations

Marty Carroll - VP, Manufacturing - RTEC

Jack French - VP, Labor Relations

Susan Schmitt - VP, Human Resources Morning Foods

Joseph Misner - Director, Labor Relations

Jon McPherson - Director, Labor Relations

Timothy Silsbee - Director, HR Morning Foods

Catherine Wood - Director, Benefits Planning

Battle Creek Plant

Keith Sutton, Human Resource Manager

Omaha Plant

Tom Smith, Human Resource Manager

Memphis Plant

Gus Gipson, Human Resource Manager

Lancaster Plant

Craig Levinsky, Human Resource Manager

SUMMARY - GROUP INSURANCE PURSUANT TO MASTER AGREEMENT*

SECTION 6.01

The insurance company's master policies (or subscriber policies) for Kellogg Company Group Insurance coverage govern application of the provisions. A description of the provisions is included in a handbook or subscriber's certificate provided by the insurance company for each eligible employee. During the term of this Agreement, the Company will provide a non-contributory plan of group insurance for enrolled employees and eligible dependents. The agreed insurance coverage includes life, non-occupational accidental death and dismemberment, non-occupational sickness and accident, a choice of an indemnity medical plan or a managed health care plan, dental insurance and prescription drug insurance.

A Preferred Provider Organization (PPO), will be created at each location. Once the participation rate of physicians (general practitioners, internists, family medical practitioners, pediatricians) reaches at least seventy percent (70%) of available physicians practicing in a fifty (50)-mile radius of the plant, all employees will be placed into the PPO. This will occur on a plant-by-plant basis. Once the PPO network is available, employees will no longer have the option of joining an indemnity

plan or managed health care plan. If the rate of participating physicians in the local network falls below sixty percent (60%), penalties for utilizing out-of-network doctors will be suspended until such time the local network is back at the seventy percent (70%) level. Regular employees shall be eligible to enroll themselves and their dependents on any date they are at work beginning with the Monday of the week following the week during which they complete their required trial period.

*The employer agrees to provide and maintain all current plans, health benefits, levels and cost; Maintenance of Benefits (MOB) for all locations covered by this agreement at no additional cost or expense to the participant or their dependents. If any change is made in current administrators, proper notification will be given to the International and Local Union.

Employee Life Insurance, Accidental Death and Dismemberment*

*All eligible employees will be provided with \$25,000 of Company-paid life insurance for the first two (2) years of employment and \$65,000 thereafter. A plan of accidental death and dismemberment benefits will be provided related to accidents, except those accidents which arise out of and in the course of employment. Accidental death benefits will be in a like amount and dismemberment benefits will be paid in amounts corresponding to the nature of the dismemberment.

*Permanent and Total Disability (PTD) level of \$35,000 remains unchanged.

The schedule of dismemberment benefits will be as follows:

For Loss of	Amount
Life	Full amount
Both hands or feet or sight of both eyes	Full amount
Any combination of foot, hand, or sight of one eye	Full amount
One hand, one foot or sight of one eye	Half the full amount

Employee Non-Occupational Sickness & Accident

This benefit is payable, when eligible, for the first day in case of accident or hospitalization, outpatient surgery and surgical centers; and the third day for sickness. (If the employee is disabled from sickness for a period of fourteen (14) days or more and otherwise qualifies, benefits will be payable for the first two (2) days of disability.) Benefits will continue for a maximum of twenty-six (26) weeks during any one period of disability. The weekly benefits for this coverage are based on identified classification groups and job rate levels at each plant.

Health Insurance - Employee or Dependents*

- While hospital confined, an amount up to the daily semi-private room and board rates, but not for more than one hundred eighty (180) days per disability. Pay full cost of a private room in hospital that only provides private rooms. Also, the full amount for intensive care, but not more than one hundred eighty (180) days per disability. Payment for the facility charges in connection with surgery performed in accredited ambulatory surgical centers.
- An unlimited amount per disability for hospital extras (including blood and blood plasma).
- 3. For all covered services rendered out of the PPO network (without a participating provider's referral),

- services are paid based on usual, reasonable and customary fee schedule.
- 4. Maternity benefits (including dependent children) for hospital or obstetrical charges payable on the same basis as any other sickness disability.
- 5. A supplemental benefit of up to \$350 for outpatient accident expenses occurring during a ninety (90) day period following an accident for which initial treatment was provided within seventy-two (72) hours.
- 6. Covered services rendered (without a participating provider's referral) out of the PPO network are subject to co-insurance payments at seventy percent (70%) per calendar year of covered medical expenses up to a lifetime maximum of \$1.6 million per person, with an out-of-pocket cash deductible of \$250 per person to a maximum of \$500 per family per calendar year. The plan includes an automatic restoration of up to \$1,000 per year.

7.* Employees will participate in a program of managed mental health. No usual and customary restrictions apply. Employees will be reimbursed for office visits according to the following schedule:

> 1-15 visits at 90% 16-25 visits at 75% 26 visits or more at 50% Intermediate care is reimbursed at 100%

- Reimbursement for ambulance services is unlimited for one (1) trip to a local hospital, or as may be medically required and authorized.
- 9. Eligible dependents include:
 - (a) Spouse and unmarried children to age 19.
 - (b) Unmarried children from age nineteen (19) to the twenty-fourth (24th) birthday who are dependents of the employee and are full-time students in an accredited college, as defined.
 - (c) Unmarried dependents incapable of self-support due to mental retardation or physical handicap.
 - (d) An employee's niece, nephew or grandchild, eighteen (18) years of age and under, providing the employee is the child's legally designated guardian with total financial responsibility for the child in accordance with Internal Revenue Service regulations. Coverage will be extended to age twenty-four (24) if a full-time student in an accredited college, as defined.

- (e) Employee's children, eighteen (18) years of age and under, if the employee and spouse both die, will be provided coverage, provided the employee had ten (10) years of service.
- A plan of insurance benefits is provided by the Company for retirees and their eligible dependents.

The health benefits for any employee who has left the employment of the Company on or before September 29, 1990 and who is a participant in the Kellogg health plan for retirees shall be the health plan in effect on September 29, 1990. The health benefits for any employee who leaves the Company on or after September 30, 1990 and who becomes a participant in the Kellogg health plan for retirees shall be the health plan in effect at the time of the employee's retirement. Retired employees are responsible for payment under "Part B" Medicare, as provided by the law.

All employees retiring on or after September 29, 2002, will be covered under a Preferred Provider Organization upon introduction of such plan at their respective Plant location. The retiree will retain the benefit design of the PPO in effect at the time of their retirement.

11. A plan of insurance benefits is provided by the Company for spouses and eligible dependents of deceased employees who have attained twenty (20) years of service with the Company or where the deceased employee would otherwise have been eligible for retirement, as defined by the Company, or where the employees have attained five (5) years of service with the Company and become deceased as the result of an accident arising out of and in the course of employment by the Company.

- 12. The Company agrees to continue hospital-surgical, major medical insurance coverage for an employee and his/her eligible dependents if the employee has at least five (5) years of service and is terminated because of his/her incapacity to work at the Company, provided that the employee must have qualified and continues to remain qualified for total disability benefits as determined by the Social Security Disability Law in effect at the time of termination.
- 13. A plan of Coordination of Benefits shall be applicable to this coverage, including Kellogg employees, their spouses who are also Kellogg employees, and their eligible dependents.

- 14.* Prescription drug benefits for employees and dependents provides for a co-payment of \$5.00 per prescription with reimbursement at one hundred percent (100%) over and above this co-payment for covered prescription drugs, as identified in the Summary Plan Description. In addition, effective January 1, 2007, all maintenance drug prescriptions will be required to be filled through the mail order prescription program.
- Preadmission testing, second surgical opinion, voluntary case care and recommendation for outpatient surgery are provided for non-emergency admissions.

 Hospice care, home health care and well-baby care are part of the health program.

b

17. All regular employees hired after September 29, 1996, will be covered by Health Care Plus or First Care Plus until such time the PPO network is established at their respective Plant location.

Dental Insurance*

- *A plan of dental insurance for employees and dependents provides for maximum reimbursement per calendar year of \$1,100. Effective January 1, 2007, maximum reimbursement per calendar year will be \$1,300, which includes:
 - (a) One hundred percent (100%) reimbursement for defined preventive services.
 - (b) Seventy-five percent (75%) reimbursement for remaining maintenance and restorative service charges.
 - (c) Fifty-percent (50%) reimbursement for prosthetic services.

Charges for services are based on usual, reasonable and customary dental charges.

*There is a maximum lifetime benefit of \$1,400 for orthodontia services. Effective January 1, 2007, there is a maximum lifetime benefit of \$2,000 for orthodontia

services. This benefit is provided for dependent children of employees as previously defined under paragraph 9. Reimbursement of usual, reasonable and customary charges is payable at fifty-percent (50%).

SAVINGS AND INVESTMENT PLAN*

A voluntary program permits employees to contribute the maximum amount allowed by law. A Company contribution of \$1.00 for \$1.00 contributed by employee applies to the first three percent (3%) of employees' contributions only. A Company contribution of \$.50 for \$1.00 contributed by employee applies to the fourth (4th) and fifth (5th) percent of employees' contributions only. Employees are immediately one hundred percent (100%) vested in Company contributions.

*Employee contributions as well as \$.90 of the Company contribution of the first three percent (3%) and \$.40 of the Company contribution of the fourth (4th) and fifth (5th) percent can be invested in one percent (1%) increments into a variety of Savings and Investment funds established by the plan trustees.

The remaining \$.10 of the Company contribution will be invested in the Kellogg Company stock fund.

PENSION PLAN*

- (1) A Company-paid pension plan provides the following single-life benefits to persons retiring at age sixty-two (62) or thereafter.
 - * Past Service (prior to November 1, 1978) \$50.00/month/year of credited service effective October 2, 2005 \$59.00/month/year of credited service effective October 2, 2006 \$60.00/month/year of credited service effective October 2, 2007 \$64.00/month/year of credited service effective October 2, 2008
 - * Future Service (November 1, 1978 and after) \$56.00/month/year of credited service effective October 2, 2005 \$59.00/month/year of credited service effective October 2, 2006 \$60.00/month/year of credited service effective October 2, 2007 \$64.00/month/year of credited service effective October 2, 2008

- (2) Employees retiring between the ages of sixty (60) and sixty-two (62) will have their single-life benefit reduced by one sixth (1/6) of one percent (1%) for each full month [two percent (2%) per year]. Employees retiring prior to age sixty (60) will have their single-life benefit reduced by one third (1/3) of one percent (1%) for each full month [four percent (4%) per year].
- (3) Retirement at less than fifty-five (55) years of age continues at a reduction of one third (1/3) of one

- percent (1%) for each full month before age fifty-five (55) [four percent (4%) per year].
- (4) Employees retiring at less than age sixty-two (62) will receive a single-life benefit that is reduced according to the following schedule:

Schedule of Pension Reduction Factors

Age	% of Full Single-Life Pension Benefit
62	100%
61	98
60	96
59	92
58	88
57	84
56	80
55	76

(5) Employees who are age fifty-five (55) or older, and have at least thirty (30) years of service, are eligible for an unreduced single-life pension benefit.

Early Retirement Supplement Eligibility:

Age fifty-five (55) until a person is first eligible to receive Social Security [presently age sixty-two (62)].

Age and service must equal eighty-five (85).

Benefit:

\$10.00 x number of years of credited service up to thirty (30) years.

Maximum benefit of \$300.

Disability Pension*

If an employee becomes permanently and totally disabled after completing at least ten (10) years of service, the employee may be eligible for an unreduced pension based on the actual years of service. The minimum benefit level is \$650. Disability retirement date will be effective upon approval or settlement of a pending workers compensation claim (if applicable), which ever occurs later.

STOCK PURCHASE AND DIVIDEND REINVESTMENT PLAN

Regular active employees are eligible to participate in a voluntary program to purchase Kellogg common stock by payroll deduction. The minimum deduction is \$7.00 per week.

WAGE APPENDIX*

The cost-of-living float of \$1.54 per hour is folded into the current base rates. The amount of cost-of-living allowance which shall be in effect for each quarterly period will be based on an increase or decrease of \$.01 per hour for each 0.30 point increase or decrease in the Index beginning with the review of the November 2005 Index.

New Hire Progression Schedule*

Regular employees will be paid according to the schedule shown below except for those employed as skilled mechanics:

Effective October 2, 2005, current employees in rate progression will be administered as follows:

- Job Rate x 70% + COLA x 70% for the first year of service
- Job Rate x 80% + COLA x 80% for the second year of service
- Job Rate x 90% + COLA x 90% for the third year of service
- Full Job Rate and COLA upon completion of the third year of service

Employees hired after October 2, 2005, will be administered as follows:

- Job Rate x 70% + COLA x 70% for the first year of service
- Job Rate x 80% + COLA x 80% for the second year of service
- Job Rate x 90% + COLA x 90% for the third and fourth years of service
- Full Job Rate and COLA upon completion of the fourth year of service

Seasonal Rate*

*Seasonal employees, who begin his/her Seasonal eligibility prior to October 2, 2005 will be paid 70% of job rate and 100% of COLA.

*Seasonal employees, who after October 2, 2005 begin his/her Seasonal employment eligibility, will be paid 70% of job rate and 70% of COLA.

During the life of this Agreement, a rate of \$6.00/hour less than job rate is established for all work performed by non-regular employees, such as temporary and casual employees. This provision does not apply to Lancaster casual employees on the payroll as of September 29, 1996, who will retain their wage rate and progression schedule as previously established in the Lancaster Supplemental Agreement, Memorandum of Agreement #5. This provision also does not apply to Battle Creek casual employees as established on September 25, 1999.

Cost-of-Living Provision*

(a) During the term of this Master Agreement, a cost-ofliving wage adjustment plan will be in effect, which will provide an adjustment of wages either upward or downward, over and above the wage rate schedule. These adjustments will at all times be based on the official Department of Labor United States Consumer Price Index - Urban Wage Earners and Clerical Workers (all items) as specified in paragraph (c) below.

(b)* The amount of cost-of-living allowance which shall be in effect for each quarterly period will be determined according to the following table, which is based on an increase or decrease of \$.01 per hour for each 0.30 point increase or decrease in the Index, beginning with the review of the November 2005 Index.

COST-OF-LIVING ADJUSTMENT TABLE*

Cost-of-Living

Allowance		
(in addition to	B.L. Co	
hourly wage rate)	Price I	<u>ndex</u>
\$0.00	572.1	572.3
\$0.01	572.4	572.6
\$0.02	572.7	572.9
\$0.03	573.0	573.2
\$0.04	573.3	573.5
\$0.05	573.6	573.8
\$0.06	573.9	574.1
\$0.07	574.2	574.4
\$0.08	574.5	574.7
\$0.09	574.8	575.0
\$0.10	575.1	575.3
\$0.11	575.4	575.6
\$0.12	575.7	575.9
\$0.13	576.0	576.2
\$0.14	576.3	576.5
\$0.15	576.6	576.8
\$0.16	576.9	577.1
\$0.17	577.2	577.4
\$0.18	577.5	577.7
\$0.19	577.8	578.0
\$0.20	578.1	578.3
\$0.21	578.4	578.6
\$0.22	578.7	578.9
\$0.23	579.0	579.2

Allowance		
(in addition to	B.L. Co	nsumer
hourly wage rate)	<u>Price</u>	<u>Index</u>
\$0.24	579.3	579.5
\$0.25	579.6	579.8
\$0.26	579.9	580.1
\$0.27	580.2	580.4
\$0.28	580.5	580.7
\$0.29	580.8	581.0
\$0.30	581.1	581.3
\$0.31	581.4	581.6
\$0.32	581.7	581.9
\$0.33	582.0	582.2
\$0.34	582.3	582.5
\$0.35	582.6	582.8
\$0.36	582.9	583.1
\$0.37	583.2	583.4
\$0.38	583.5	583.7
\$0.39	583.8	584.0
\$0.40	584.1	584.3
\$0.41	584.4	584.6
\$0.42	584.7	584.9
\$0.43	585.0	585.2
\$0.44	585.3	585.5
\$0.45	585.6	585.8
\$0.46	585.9	586.1
\$0.47	586.2	586.4
\$0.48	586.5	586.7
\$0.49	586.8	587.0
\$0.50	587.1	587.3
\$0.51	587.4	587.6

Allowance		
(in addition to	B.L. Co	nsumer
hourly wage rate)	<u>Price</u>	<u>Index</u>
\$0.52	587.7	587.9
\$0.53	588.0	588.2
\$0.54	588.3	588.5
\$0.55	588.6	588.8
\$0.56	588.9	589.1
\$0.57	589.2	589,4
\$0.58	589.5	589.7
\$0.59	589.8	590.0
\$0.60	590.1	590.3
\$0.61	590.4	590.6
\$0.62	590.7	590.9
\$0.63	591.0	591.2
\$0.64	591.3	591.5
\$0.65	591.6	591.8
\$0.66	591.9	592.1
\$0.67	592.2	592.4
\$0.68	592.5	592.7
\$0.69	592.8	593.0
\$0.70	593.1	593.3
\$0.71	593.4	593.6
\$0.72	593.7	593.9
\$0.73	594.0	594.2
\$0.74	594.3	594.5
\$0.75	594.6	594.8
\$0.76	594.9	595.1
\$0.77	595.2	595.4
\$0.78	595.5	595.7
\$0.79	595.8	596.0

Allowance		
(in addition to	B.L. Co	nsumer
hourly wage rate)	<u>Price</u>	<u>Index</u>
\$0.80	596.1	596.3
\$0.81	596.4	596.6
\$0.82	596.7	596.9
\$0.83	597.0	597.2
\$0.84	597.3	597.5
\$0.85	597.6	597.8
\$0.86	597.9	598.1
\$0.87	598.2	598.4
\$0.88	598.5	598.7
\$0.89	598.8	599.0
\$0.90	599.1	599.3
\$0.91	599.4	599.6
\$0.92	599.7	599.9
\$0.93	600.0	600.2
\$0.94	600.3	600.5
\$0.95	600.6	8.006
\$0.96	600.9	601.1
\$0.97	601.2	601.4
\$0.98	601.5	601.7
\$0.99	601.8	602.0
\$1.00	602.1	602.3
\$1.01	602,4	602.6
\$1.02	602.7	602.9
\$1.03	603.0	603.2
\$1.04	603.3	603.5
\$1.05	603.6	603.8
\$1.06	603.9	604.1
\$1.07	604.2	604.4

B.L. Co	nsumer
<u>Price</u>	<u>Index</u>
604.5	604.7
604.8	605.0
605.1	605.3
605.4	605.6
605.7	605.9
606.0	606.2
606.3	606.5
606.6	606.8
606.9	607.1
607.2	607.4
607.5	607.7
607.8	608.0
608.1	608.3
608.4	608.6
608.7	608.9
609.0	609.2
609.3	609.5
609.6	609.8
609.9	610.1
610.2	610.4
610.5	610.7
610.8	611.0
611.1	611.3
611.4	611.6
611.7	611.9
612.0	612.2
612.3	612.5
612.6	612.8
	Price 604.5 604.8 605.1 605.4 605.7 606.0 606.3 606.6 606.9 607.2 607.5 607.8 608.1 608.4 608.7 609.0 609.3 609.6 609.9 610.2 610.5 610.8 611.1 611.4 611.7 612.0 612.3

Allowance		
(in addition to	B.L. Co	nsumer
hourly wage rate)	<u>Price</u>	<u>Index</u>
\$1.36	612.9	613.1
\$1.37	613.2	613.4
\$1.38	613.5	613.7
\$1.39	613.8	614.0
\$1.40	614.1	614.3
\$1.41	614.4	614.6
\$1.42	614.7	614.9
\$1.43	615.0	615.2
\$1.43 \$1.44	615.3	615.5
·		
\$1.45	615.6	615.8
\$1.46	615.9	616.1
\$1.47	616.2	616.4
\$1.48	616.5	616.7
\$1.49	616.8	617.0
\$1.50	617.1	617.3
\$1.51	617.4	617.6
\$1.52	617.7	617.9
\$1.53	618.0	618.2
\$1.54	618.3	618.5
\$1.55	618.6	618.8
\$1.56	618.9	619.1
\$1.57	619.2	619.4
\$1.58	619.5	619.7
\$1.59	619,8	620.0
\$1.60	620.1	620.3
\$1.61	620.4	620.6
\$1.62	620.7	620.9
\$1.63	621.0	621,2

Allowance		
(in addition to	B.L. Co	onsumer
hourly wage rate)		Index
-	(21.2	(01.5
\$1.64	621.3	621.5
\$1.65	621.6	621.8
\$1.66	621.9	622.1
\$1.67	622.2	622.4
\$1.68	622.5	622.7
\$1.69	622.8	623.0
\$1.70	623.1	623.3
\$1.71	623.4	623.6
\$1.72	623.7	623.9
\$1.73	624.0	624.2
\$1.74	624.3	624.5
\$1.75	624.6	624.8
\$1.76	624.9	625.1
\$1.77	625.2	625.4
\$1.78	625.5	625.7
\$1.79	625.8	626.0
\$1.80	626.1	626.3
\$1.81	626.4	626.6
\$1.82	626.7	626.9
\$1.83	627.0	627.2
\$1.84	627.3	627.5
\$1.85	627.6	627.8
\$1.86	627.9	628.1
\$1.87	628.2	628.4
\$1.88	628.5	628.7
\$1.89	628.8	629.0
\$1.90	629.1	629.3
\$1.91	629.4	629.6
W A - 2 -		V247.0

Allowance		
(in addition to	B.L. Co	nsumer
hourly wage rate)	Price 1	Index
\$1.92	629.7	629.9
\$1.93	630.0	630.2
\$1.94	630.3	630.5
\$1.95	630.6	630.8
\$1.96	630.9	631.1
\$1.97	631.2	631.4
\$1.98	631.5	631.7
\$1. 99	631.8	632.0
\$2.00	632.1	632.3
\$2.01	632.4	632.6
\$2.02	632.7	632.9
\$2.03	633.0	633.2
\$2.04	633,3	633.5
\$2.05	633.6	633.8
\$2.06	633.9	634.1
\$2.07	634.2	634.4
\$2.08	634.5	634.7
\$2.09	634.8	635.0
\$2.10	635.1	635.3
\$2.11	635.4	635.6
\$2.12	635.7	635.9
\$2.13	636.0	636.2
\$2.14	636.3	636.5
\$2.15	636.6	636.8
\$2,16	636.9	637.1
\$2.17	637.2	637.4
\$2,18	637.5	637.7
\$2.19	637.8	638.0

Allowance		
(in addition to	B.L. Co	onsumer
hourly wage rate)	<u>Price</u>	Index
\$2.20	638.1	638.3
\$2.21	638.4	638.6
\$2.22	638.7	638.9
\$2.23	639.0	639.2
\$2.24	639.3	639.5
\$2.25	639.6	639.8
\$2,26	639.9	640.1
\$2.27	640.2	640.4
\$2.28	640.5	640.7
\$2,29	640.8	641.0
\$2.30	641.1	641.3
\$2.31	641.4	641.6
\$2.32	641.7	641.9
\$2.33	642.0	642.2
\$2.34	642.3	642.5
\$2.35	642.6	642.8
\$2.36	642.9	643.1
\$2.37	643.2	643.4
\$2.38	643.5	643.7
\$2.39	643.8	644.0
\$2.40	644.1	644.3

In the event the Index rises above the preceding table, the cost-of-living allowance shall be increased or decreased, as the case may be, by \$.01 with each change of 0.30 in the Index.

(c) The Department of Labor United States Consumer Price Index - Urban Wage Earners and Clerical Workers (CPI-W) (all items) reflecting the final report of prices as of February, May, August and November, will be used for the purpose of making adjustments under this formula. The revised new series Index (base 1967 = 100) will be used for the purpose of making adjustments under this Section.

Adjustments upward or downward under this formula will be made effective on the first Sunday following receipt at the Company's office on or before the preceding Friday of the Bureau of Labor Statistics monthly bulletin covering the United States Consumer Price Index - Urban Wage Earners and Clerical Workers for the appropriate review date.

- (d) The cost-of-living allowance shall be in addition to the standard hourly rates as shown in the rate schedule in the Supplemental Agreements.
- (e) The amount of any cost-of-living allowance in effect at any time shall be included in computing overtime, Sunday, and holiday work premium pay, vacation payments, call-in, call-back and reporting pay.
- (f) No adjustments in wage allowance, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the

- Index for any base month (February, May, August and November) used in this formula.
- (g) Continuance of the cost-of-living allowance is dependent upon the availability of the official Index in its present form and calculated on the same basis, unless otherwise agreed upon by the parties.
- (h)* In no event will a decline in the Index below 572.3 provide the basis for a reduction in the cost-of-living allowance.

MEMORANDUMS OF AGREEMENT

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October 3, 1999

CONTINUOUS IMPROVEMENT

The Company and Union leadership will advocate the support and participation in efforts to improve plant operations.

UNION ADVISORY COMMITTEE

In an effort to improve the communication process outlined in Section 1.03(d), Kellogg Company agrees that it will provide the Union Advisory Committee periodic business updates, not less frequently than semiannually, with information concerning business plans, conditions and the potential effects those plans and conditions could have on bargaining unit employees. This Committee will consist of representatives of the International Union and three (3) representatives of each of the Local Unions covered by the Master Agreement.

This Committee has the right to provide advice and input to Kellogg Company; this is in addition to but not an alteration of the parties' obligations under the provisions of Section 1.03(a) or (d) of the Master Agreement.

Kellogg Company also agrees that local plant management will meet monthly with Local representatives to discuss outside contracting, outsourcing, effective utilization of the work force, and explore ways to cost effectively perform work with bargaining unit employees.

The parties also recognize that Kellogg will be providing the Committee with confidential information, and the Committee agrees to treat this information as confidential. The Company and the Union agree to establish a joint subcommittee to assess and make recommendations on improving the Union Advisory Committee, as well as the Company and Union working relationship.

The Sub-Committee will be comprised of two (2) Union and two (2) Company representatives.

FAMILY AND MEDICAL LEAVE ACT (FMLA)

On February 4 and April 9, 1997, the Bakery, Confectionery, Tobacco Workers and Grain Millers and Kellogg Company discussed certain issues concerning Family and Medical Leave Act (FMLA) and agreed as follows:

- 1. The twelve (12) month period for determination of the twelve (12) weeks of leave entitlement will be the calendar year.
- 2. The procedure for processing Family and Medical Leave requests will be consistent with the applicable provisions of the Act.

- The decision regarding whether employees must exhaust paid leave will be up to each employee.
 The Company will not require employees to exhaust their weekly indemnity or vacation.
- 4. Periodic re-certification of a medical condition will be done in accordance with 825.308 of the Final Regulations.
- Company-paid Life Insurance and Accidental Death and Dismemberment Insurance will be continued during a leave, as expressed in item

#7 of the Expectations and Obligations notice. In accordance with the Act, health insurance will also continue.

- Vacation time will accrue while an employee is on leave.
- Employees must provide fitness-for-duty certification in a manner that is consistent with the current practices at each respective plant.
- 8. Medical confidentiality will be preserved by the Human Resource department.
- 9. Regular employees absent from work due to Union business will not be disqualified for Family and Medical Leave due to such absence. Union business includes representation obligations for grievances and working condition issues as well as time spent serving as a Union delegate, committee member, or time spent on leave of absence as a full-time Union officer.

RELOCATION GUIDELINES*

The parties have agreed to provide regular permanent employees with the opportunity to relocate, at the employee's expense, from the plant in which they are presently employed (home plant) to another cereal plant of the Company covered under the terms of the Master Agreement (transfer plant). The relocation procedure shall require an interested employee to sign a list to be maintained by their home plant personnel office designating the desired transfer plant. Employees will be selected from the list for relocation based on seniority with the Company.

For purposes of these guidelines, mechanics will not be given the opportunity to relocate if doing so would result in the home plant having to add a mechanic; and operational employees will not be permitted to relocate if doing so would result in having to add an operational employee.

The guidelines are as follows:

 As stated above, the home plant of the employee must not be hiring and the transfer plant must be hiring before relocation will be made available. Also, the relocation will not require the home plant to hire a replacement. 2.* The transfer plant shall contact the other plants for employees desiring to relocate to that plant. These employees shall be notified of the opportunity. Interested employees must advise of their desire to relocate to the transfer plant within two (2) days of being notified by the Company. Employees declining the opportunity for consideration will have their name removed from the list for a one (1) year period.

Any employee denied the opportunity to transfer or failing to accept a transfer shall not be allowed an opportunity for a one (1) year period.

- 3. If the Company approves the transfer after a review of the employee's employment history, job qualifications and health and, if necessary, one or more personal interviews with the employee, the employee must be available for work at the transfer plant within thirty (30) days of such approval. All expenses of relocating shall be the responsibility of the employee.
- 4. Any employee not reporting for work at the transfer plant may be denied the opportunity at the Company's discretion, after which the Company shall fill the vacancy in the normal fashion.
- 5. The Company shall make available to interested employees twenty percent (20%) of new, permanent job openings during any hiring need.

6. Transfer employees will establish a new seniority date for all purposes, except Company service will be used for Company benefits (vacation, pension, etc.).

The parties acknowledge that the procedure set forth above are guidelines that may require modification from time to time to ensure fair application.

SEVERANCE PAY EMPLOYEE "C" CONCEPT

The Company will extend the offer of severance pay to employees as follows:

- Severance pay will first be offered to Employees A and B in accordance with Section 1.03(d) of the Master Agreement.
- 2. The number of Employee C opportunities is defined as the total number of jobs discontinued related to a change, less any bids posted as a result of the change, less the number of employees accepting severance pay as Employee A or B.

Example:

Total number of jobs discontinued	10
Less: Number of new jobs posted related to the change	(-) 3
Net impact of change	7
Less: Employees accepting severance pay as A or B	(-) 2
Number of Employee C severance pay opportunities	5

- 3. The Company will post a sign-up list for Employee C severance pay offers. Severance pay will be offered to employees based on seniority until accepted by the appropriate number of employees or the list is exhausted. If the list is exhausted, no other severance pay offers will be made.
- Any employee who signs the Employee C list and turns down severance pay is not eligible for severance pay as Employee C for the remainder of the calendar year.
- 5. Maintenance employees are not eligible for severance pay as Employee C.

CONTRACT SECTION 1.03(d) OF THE MASTER AGREEMENT

The parties have agreed to clarify the application of Section 1.03(d) of the Master Agreement as follows:

Effective September 1984, Section 1.03(d)(3) shall be interpreted so that the senior employee (Employee A in classification on the shift in the department affected by a job discontinuance), shall have the option of terminating employment and receiving severance pay in accordance to the schedule set forth in Section 1.03(d)(5) or continuing employment and being placed in accordance to the applicable supplemental agreement. If Employee A elects to continue employment, then the employee (Employee B) displaced as a result of the elimination of their permanent job shall have the option of terminating employment and receiving severance pay in accordance to the schedule set forth in Section 1.03(d)(5) or continuing employment and being placed in accordance with the applicable supplemental agreement.

The Union and the Company recognize that the notification of Employee A under the Memorandum of Agreement may differ on a plant-by-plant basis. Accordingly, the Company and each Local Union has a

procedure on the method of identifying Employee A at each plant during the term of this Memorandum of Agreement.

An employee offered severance pay as Employee A shall not be offered severance pay a second time as Employee A within the same classification on the same shift in the same department for one (1) year or until each regular employee within that classification, shift and department has been offered severance pay as Employee A in the order of seniority. Once the one (1) year period expires, Employee A shall once again become the then-senior employee within the classification on the shift in the department and the aforementioned procedure for identifying Employee A based on seniority shall apply that year and each succeeding year.

September 30, 1990

WAGE PARITY AGREEMENT AND PROCEDURE FOR CLASSIFICATION ADJUSTMENTS

The parties agreed on a one-time basis to achieve instant parity during the 1978 Master wage negotiations by applying varying percentage increases to the existing average straight-time hourly rates at the Lancaster plant, Omaha plant, Memphis plant and San Leandro plant.

The parties further agreed that classification adjustments would be determined at the local level based on the principle of a "significant change in job content." In addition, the parties may elect to redistribute any negotiated Master Agreement wage settlement at the local level.

The built-up rate reflects the parity agreement between the parties at any given time. However, the actual average straight-time hourly rate will vary from plant to plant due to changes in the rate structures or shifts in population within the classifications.

September 30, 1990

KELLOGG TRUCK DRIVERS

The Company will reimburse the cost of any traffic violations and wages lost as a result of associated court appearances that are not caused by either willful behavior or gross negligence on the part of its truck drivers while performing work as a Kellogg truck driver.

JOINT STATEMENT ON DRUGS AND ALCOHOL IN THE WORKPLACE

Kellogg Company and the Bakery, Confectionery, Tobacco Workers and Grain Millers recognize that drug and alcohol abuse are serious problems in American society in general and in the workplace in particular. The parties recognize that employees under the influence of drugs or alcohol pose a safety risk to themselves and others. The parties encourage any employee who believes he or she has a drug or alcohol problem to seek help through Kellogg's Employee Assistance Program or alternative programs.

October 4, 1987

OUTSIDE WAREHOUSING

In the event the Company uses public warehouses at plant locations for storage of its product, the public warehouse will not ship stock interplant or ship directly to customers unless staffed by Kellogg bargaining unit employees.

SUPPLEMENTAL WORK INJURY BENEFITS FOR SEASONAL AND TEMPORARY EMPLOYEES

This will serve to explain the eligibility and duration of Supplemental Work Injury Benefits (SWIB) for seasonal and temporary employees as negotiated between the Company and Union in September 1975. The term "seasonal and temporary employees" refers to those employees who are so designated in any of the Supplemental Agreements.

The Master Agreement, Section 6.03(a) Employee Eligibility, limited SWIB to, "A full-time, hourly employee..." Seasonal and temporary employees were excluded. As a result of negotiations between the parties, SWIB eligibility will be extended to seasonal and temporary employees for the period of time which they indicated they were available to work at the time of their employment. All seasonal and temporary employees specify when they are available to start work and when they will terminate. SWIB will not be paid to a seasonal and temporary employee beyond the date the employee specified their availability for work would terminate, or to the date the employee is no longer contractually eligible for work under a Supplemental Agreement, which ever shall be less.

UNION REPRESENTATIVE TRAINING

The Company shall pay each Union Representative a maximum of two (2) days pay of eight (8) hours at their straight-time hourly classification rate each year, during the term of the contract, to attend a Union Education Conference, provided that the Union gives the Company at least two (2) weeks advance notice of the date of the conference and such absence will not disrupt business operations.

VACATION PAY FOR EMPLOYEES RETURNING FROM A FULL-TIME UNION LEAVE OF ABSENCE

The vacation pay calculation for employees returning from a full-time Union leave of absence will be as follows:

Determine the employee's classification upon returning and calculate the average earnings for that classification and shift. The calculation is based on employees who worked more than forty (40) weeks in the preceding year. Multiply the average earnings by two percent (2%) and compare it to a forty (40)-hour calculated base weekly wage. Vacation pay will be based upon the higher of this comparison.

The number of weeks of eligibility upon return is determined by the employee's weeks of vacation eligibility per Master Agreement Section 3.01(a) minus the number of weeks of vacation taken in that calendar year while on Union business.

DISCOUNTED STOCK PURCHASE PLAN

Kellogg and the Union agree that Kellogg is unilaterally providing an opportunity to purchase Kellogg Company stock at a discount pursuant to the <u>Discounted Stock Purchase Plan</u> and that the parties recognize that Kellogg may, from time to time, increase, decrease, or discontinue the discount and may alter, amend, suspend, change, or discontinue the Plan without bargaining or recourse by the Union or bargaining unit employees.

October 2, 2005

MEMORANDUM OF AGREEMENT MAINTENANCE – OUTSIDE CONTRACTING*

The Company and the Union agree that the first priority of our in-plant maintenance employees in the Battle Creek, Lancaster, Memphis, and Omaha plants is to maintain the operation of these facilities in a timely, cost efficient and effective manner

It is understood and agreed that the decision to outside contract shall be made by management, and that such decisions will be discussed with the Local Union at a time in advance of the actual outside contract.

The Company will schedule a regular weekly meeting to discuss outside contracts. The Company's participants in the meeting will include representatives from Maintenance and Human Resources, and the Union representatives will include the Maintenance Department Steward and a member of the Local Union's Negotiating Committee.

Management shall inform the Local Union's designated representative whenever maintenance work is to be contracted out and will discuss with the Local Union the reasons for such outside contracted work. The Company

also agrees it will not contract out maintenance work provided it has sufficient manpower, skills, ability and equipment in the plant to timely and cost efficiently perform the work involved, keeping in mind the first priority of our maintenance employees is the maintenance of our equipment. The Company recognizes the Union's rights on the issue of outside contracting.

The Company and the Union will review on a quarterly basis as part of the local monthly Union Advisory Committee (UAC) meeting, the effectiveness of the weekly maintenance outside contracting review process and appropriate training needs.

October 2, 2005

MEMORANDUM OF AGREEMENT PRODUCTS PRODUCED*

The BCTGM Union logo will be properly displayed on all of its Union made cereal products produced at the four (4) plant locations.

The Company will provide a quarterly listing of all Kellogg Ready To Eat Cereal (RTEC) products being outsourced and /or co-packed.

MEMORANDUM OF AGREEMENT ORGANIZING ACTIVITY*

It is Kellogg Company's (Kellogg) intentions not to interfere with the employees' rights under the National Labor Relations Act to engage in protected concerted activity and to join a Union of their choice.

Kellogg Company and Bakery, Confectionery, Tobacco Workers and Grain Millers Union (BCTGM) agree to comply with the following guidelines at Kellogg's manufacturing locations.

- NOTIFICATION If Kellogg learns that another union is engaged in hand billing or other on-site organizing activity at any Kellogg manufacturing facility, Kellogg will inform the BCTGM.
- 2. **RESPONSES**—If Kellogg receives any inquiries from other companies which the BCTGM is attempting to organize, then Kellogg will discuss its positive relationship with the BCTGM with other companies.

3. SOLICITATION/DISTRIBUTION – The BCTGM will contact the appropriate individual in Kellogg's Corporate Labor Relations Department prior to engaging in hand billing or other activity at any Kellogg manufacturing location. Kellogg's Corporate Labor Relations Department, local plant management, and the Union will agree to the proper location that will permit the BCTGM organizers the ability to have a safe location to engage in organizing activity with off-duty employees. The Company and the Union mutually agree that each will treat the other with respect and professional courtesy.

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