

8314
AGREEMENT 1,700 ee

This Agreement is between and limited to Kennecott Utah Copper Corporation (hereinafter referred to as the Company), and each individual union (hereinafter referred to as the Union for its respective unit):

United Steelworkers of America, on behalf of its
Locals 485, 392, 692, 5486, 4347, 4329, 4413, 5120.

International Association of Machinists and
Aerospace Workers, Lodge 568 (Mine).

International Brotherhood of Electrical Workers,
Locals 354 (Mine), 354 (Refinery), 57(UPP).

Operating Engineers, Local 3.

Office and Professional Employees International
Union, Local 286.

October 1, 2002 through September 30, 2009

58 pages

AGREEMENT

This Agreement is between and limited to Kennecott Utah Copper Corporation (hereinafter referred to as the Company), and each individual union (hereinafter referred to as the Union for its respective unit):

United Steelworkers of America, on behalf of its Locals 485, 392, 692, 5486, 4347, 4329, 4413, 5120.

International Association of Machinists and Aerospace Workers, Lodge 568 (Mine).

International Brotherhood of Electrical Workers, Locals 354 (Mine), 354 (Refinery), 57(UPP).

Operating Engineers, Local 3.

Office and Professional Employees International Union, Local 286.

CONTENTS

Article

1. Union Recognition
 2. Management Rights
 3. Union Dues and PAC Checkoff
 4. Nondiscrimination
 - 5.1 Grievances
 - 5.2 Discipline
 6. Arbitration
 7. Seniority
 8. Promotions and Transfers
 9. Reduction and Restoration of Force
 10. Contracting Out
 11. Use Of Casual And Temporary Workers
 12. Work Week and Basic Day
 13. Work Schedules
 14. Overtime
 15. Jobs & Rates of Pay
 16. Vacations
 17. Holidays
 18. Safety and Health
 19. Benefit Plans
 20. Leaves of Absence
 21. Clothing and Tool Replacement
 22. No Strike/No Lockout
 23. Separability
 24. General
 25. Agreement
- Statement of Understandings
- Wage and Benefit Issues
- Pay Levels and Hourly Rates of Pay (Attachment A)
- Incentive Plan Letter (Attachment B)
- Letter of Understanding - Training related to Changes in Job duties
- Memorandum of Agreement and Addendum to the Drug and Alcohol Abuse Policy
- Letter of Understanding - Psychological Testing
- Memorandum of Understanding - Pension Plan

Article 1:

UNION RECOGNITION

The Company recognizes each of the following unions, individually, as the sole collective bargaining representative of the employees of the Company employed in the respective bargaining unit for which each union was certified by the National Labor Relations Board or was recognized by the Company:

- United Steelworkers of America, for Itself and on behalf of its Locals 485, 392, 692, 5486, 4347, 4329, 4413, 5120.
- International Association of Machinists and Aerospace Workers, Lodge 568 (Mine).
- International Brotherhood of Electrical Workers, Locals 354 (Mine) and 354 (Refinery), 57 (UPP).
- Operating Engineers, Local 3.
- Office and Professional Employees International Union, Local 286.

The employees covered by this Agreement shall be only those employed in the job classifications set forth in Attachment A of this Agreement, at the Company's facilities located at its Salt Lake County, Utah operations which are its Bingham Canyon Mine, Concentrator, Smelter Plant, Utah Power Plant and Refinery Plant, excluding all other employees, guards, watchmen and supervisors as defined in the Act. This Article is not intended to limit and does not limit the Company's right to install, change, consolidate or eliminate jobs or assign work unless modified elsewhere in this Agreement. This Article does not create any rights or obligations not expressly stated herein. For the life of this Agreement, the Company may for business reasons assign any production or maintenance or other bargaining unit work at its discretion to members of any bargaining unit covered by this Agreement. While the foregoing gives the Company authority to assign the work presently performed by employees in any bargaining unit to employees currently outside such unit, it is not intended to change such unit's recognition or certification by the NLRB nor preclude such unit from asserting to the National Labor Relations Board that those to whom the work was assigned would properly be considered within the bargaining unit that it represented. It is also not intended that such assignment be permanent, or that this provision be used to circumvent the promotion and transfer rights of employees.

Article 2:

MANAGEMENT RIGHTS

A. It is expressly agreed and understood that all of the rights heretofore exercised by the Company or inherent in the Company as the owner and operator of the business or as an incident to the management thereof and not expressly contracted away by specific provisions of this Agreement, are retained solely by the Company, and may be impaired only with the written consent of the Company. Subject to terms of this "Agreement," such rights include but are not limited to the following rights to:

- hire, manage, promote, determine qualifications and competencies, demote, transfer, assign and direct employees;
- issue, enforce, change, or terminate Company policies, and work standards;
- the right to introduce new or improved production methods or equipment, determine the services to be rendered, the scheduling of production, the training of employees and the control of materials and supplies; and
- the right to install, eliminate, change or consolidate operations.

The Company's failure to exercise any of its management rights in particular circumstances shall not be considered or result in a waiver of the Company's ability to exercise those rights in other circumstances. The term "Agreement," wherever used herein, is limited to and is solely comprised of this contract and any written memorandum or supplement thereto, the memorandum of agreement in settlement of the 2002 negotiations, and any written agreement of the parties executed during the term of this contract.

B. The terms of this written Agreement encompass all limitations and the rights of management and no agreements, promises, customs, benefits, practices or usage, whether written or oral, which were established or in effect before the execution of this Agreement, will be binding upon either party subsequent to the execution of this Agreement. All agreements, promises, customs, benefits, practices or usage, established during the term of this Agreement must be in writing.

Article 3:

UNION DUES AND PAC CHECKOFF

- A. During the term of this Agreement, the Company shall recognize voluntary written authorizations from individual employees in accordance with Utah and Federal law for the deduction of sums of money bi-weekly from wages for Union dues, assessments, initiation fees and bi-weekly (in increments of \$.50) Political Action Committee (PAC) Authorization Checkoffs. Said sums of money shall be paid separately to the Union in accordance with said authorizations. The Company agrees to waive reimbursement for the use of its payroll system for the PAC Checkoff in return for the Union's undertaking not to make any further requests or demands of the Company regarding the solicitation of the covered groups of represented employees by the Union for political action funds during the term of the parties' Agreement.
- B. To be valid, an assignment(s) must be made in duplicate (one copy for the Company and one copy for the Union), signed and dated by the employee and signed by a witness. The first authorized PAC deduction shall be made from earnings from the first full regular pay period following the date of submission of the PAC Checkoff Authorization card.
- C. Any written authorization form in use on September 30, 2002 for the deduction of sums of money in accordance with paragraph A of this Article shall be provided by the Union. Any change in the form proposed by the Union shall be subject to review and approval by the Company.
- D. The Union shall indemnify and save the Company harmless from any and all losses, claims, demands, suits or other forms of liability that may arise out of or by reason of complying with any of the provisions of this Article. Union representatives shall not make solicitations for participation in the PAC deductions on Company time.

Article 4:

NONDISCRIMINATION

- A. Neither the Union nor the Company will discriminate against any individual in violation of any applicable state or federal law or because of race, color, national origin, religion, sex, age, disability, veteran status in any era of war or union activity in

- any matter pertaining to compensation, terms, conditions or privileges of employment, or status as an employee.
- B. Employees are encouraged to call matters of discrimination to the attention of the Company and/or Union. In furtherance of these objectives commonly held by the Company and the Union, meetings regarding issues of discrimination may be arranged by mutual consent. Any grievance alleging discrimination may be filed at Step 2 of the grievance procedure.
 - C. Wherever words implying one sex are used in this Contract, they will be read to indicate both sexes.
 - D. The Company and the Union will comply with the Americans With Disabilities Act (ADA). Company assignment of such employees will not adversely affect another employee's seniority rights, pay or benefits.

Article 5.1:

GRIEVANCES

- A. The parties recognize their mutual responsibility for the fair, prompt and orderly disposition of grievances. It is agreed that the grievance and arbitration procedures contained in this Agreement shall be the final means of resolving all grievances.
- B. The Union will select a committee of three (3) employees, including chairman, to act as a Union Grievance Committee from each bargaining unit. The Union will advise the Company in writing of the names of the grievance chairman and committee members and their alternates when selected, not less than one (1) week prior to any grievance meeting or hearing.
- C. A grievance is any dispute which the Union or an employee raises during the life of this Agreement, concerning the meaning, interpretation or application of any specific provision, of this Agreement or any matter relating to wages, hours of work or working conditions. Each grievance may only be pursued on behalf of the Union or named grievant(s) and any remedy shall be limited to the Union or named grievant(s). Such grievance will be resolved in the following manner:
 - 1. **Step 1.** Any employee and/or representative of the Union desiring to process a grievance must first present such grievance to his/her immediate supervisor during the grievant's scheduled working hours, and identify it as a grievance, within fifteen (15) normal business days of the incident giving rise to the grievance or of notice or knowledge of such incident, if later. An aggrieved employee may present a grievance alone or with a Union

representative. The supervisor will render a verbal decision within three (3) normal business days, giving a representative of the Union the opportunity to be present. Grievance responses at this step of the procedure will not set precedent.

2. **Step 2.** Failing settlement of a grievance in Step 1, the grievance may within ten (10) normal business days of the Step 1 response be presented to the manager for the area or his/her designee. The grievance must be in writing on the form provided by the Company, noting the alleged facts, applicable provisions of the Agreement, and the remedy sought. The individuals designated by the Company will hear the grievance within five (5) normal business days of receipt in the presence of the Union Grievance Committee and will render a written decision within five (5) normal business days after hearing the grievance by the Union's Grievance Chairman. A grievance at this step may be withdrawn by the Union without precedent and the Company's response will not set precedent.
 3. **Step 3.** If a satisfactory settlement is not reached in Step 2, the grievance may within fifteen (15) normal business days of the Step 2 response be presented to the appropriate individual(s) at the next level in the organization as designated by the Company. Such appeal shall be in writing. For grievances initially filed at Step 3, the grievance must be in writing on a form provided by the Company and must contain the alleged facts, applicable provisions of the Agreement and the remedy sought. The individual(s) designated by the Company will hear the grievance in the presence of an International Union Representative or designee(s) within ten (10) normal business days of receipt of the grievance. A representative of the Local Union shall attend the meeting at the discretion of the Union's International Union Representative or designee. The parties will attempt to mutually resolve the grievance. The Company will render a written decision within fifteen (15) normal business days after hearing the grievance. A grievance may be withdrawn without precedent or prejudice within thirty (30) calendar days by the Union after a written decision. Absent withdrawal or appeal to arbitration, the decision will be binding precedent.
- D. In the event a grievance relates to a working place or the conditions surrounding the same, the Grievance Committee shall, with representatives of the Company, make a necessary examination of the working place or places as part of the grievance meeting if the grievance committee so elects.

- E. Time restrictions set forth herein in terms of normal business days exclude weekends and holidays, and are necessary for the prompt resolution of grievances. Reasonable extensions of up to seven (7) calendar days will be granted upon request by either party. If time limits are not met by the Union, the grievance will be considered resolved based on the final answer of the grievance procedure unless otherwise withdrawn as provided herein. If the Company does not answer timely, the Union may elect to wait for an answer or appeal to the next level or assert its legal rights.
- F. Grievance meetings will be held during normal business hours at a time that does not interfere with production or the orderly operation of the business. Aggrieved employees and a reasonable number of witnesses will be allowed to attend meetings at Step 2 if they have testimony which the Union Grievance Committee represents is relevant, material, non-repetitive and necessary to the resolution of the grievance. If Grievance Committee members, aggrieved employees or witnesses are scheduled to work during a Step 2 Grievance Meeting, they must provide reasonable advance notice to their immediate supervisor(s) to attend. The Company will notify the immediate supervisor of the meeting.
- G. The parties will engage in full and frank discussion of grievances and share with each other the relevant facts and information at each step of the grievance procedure.
- H. Three (3) Grievance Committee members and the grievant(s) shall be paid for time lost from regular scheduled working hours to attend grievance meetings. A witness may be substituted by the Union and paid instead of the named herein. Pay for additional witnesses will be the responsibility of the Union.
- I. The parties' representative at a grievance step shall have full authority to settle a grievance pending at such step.
- J. Grievances affecting employees working under more than one area supervisor, within a plant, may be filed at Step 2 by the Union's Grievance Chairman, subject to the written grievance requirements at that step and to the time restrictions set forth at Step 1 for initiating a grievance.
- K. Multiple grievances arising within the bargaining unit at a single plant and from a single cause may be consolidated at either party's discretion. Such consolidated multiple grievances may be filed at Step 2, subject to the written grievance requirements at the step and to the time restriction set forth at Step 1 for initiating a grievance.
- L. Any monetary grievance award shall be noted on the employee's paycheck stub.
- M. Steps 2 and 3 of the grievance procedure may be consolidated

into Step 2 by mutual agreement of the Union and the Company. Such mutual agreement will not be unreasonably withheld.

Article 5.2:

DISCIPLINE

- A. No employee shall be disciplined or discharged without just cause. Just cause for discipline or discharge shall include, but not be limited to, the violation of any rule, regulation, code of conduct or policy of the Company. In determining whether there is just cause for discharge or discipline, the Company must give due consideration to the seriousness of the offense and/or the progressive corrective action previously administered.
- B. In cases of discharge, the Union may immediately file a grievance or file a grievance and request arbitration and the selection of an arbitrator will proceed in accordance with Article 6C (a).
- C. When an employee is given a written warning, suspended or terminated, the notice will include the reasons for discipline. The Company will provide a copy of the written notice to the Union within twenty-four (24) hours. (Subject to F below.)
- D. Nothing herein will restrict the Company's right to suspend an employee without pay pending investigation and decision on disciplinary action. It shall not be the policy of the Company to resort to employee suspension pending a hearing for minor rule or conduct infractions.
- E. The impact of past disciplinary actions will be limited as follows:
 - 1. A written warning dated one (1) calendar year or more prior or a suspension dated two (2) years or more prior to the occurrence of the current violation will not be used to escalate disciplinary action or introduced or referred to in any grievance or arbitration, unless the discipline was for similar or related activities or the discipline involves a pattern of behavior.
 - 2. All past and future violations will be covered by the foregoing provision.
- F. When there is an incident, which after investigation, the Company believes might result in a decision to terminate the employee(s) involved, the Company will notify the Union. If requested by the Union, an investigatory hearing must be convened within seventy-two (72) hours. Within seventy-two (72) hours following the hearing, the Company will issue its decision as to what discipline, if any, will be imposed. If an investigatory hearing is conducted, it will be considered as Step 2

of the Grievance Procedure. Union officials and/or witnesses will be compensated as set forth in Article 5.IH.

Article 6:

ARBITRATION

- A. In the event the parties are unable through the grievance procedure herein provided to resolve a grievance concerning the meaning, interpretation, or application of any specific provision(s) of this Agreement, such grievance may be submitted to arbitration by the Union International Staff Representative or designated Representative of the International Union.
- B. Within thirty (30) calendar days after receipt of the final decision of the grievance procedure the Union must give written notice of intention to arbitrate. This notice must identify the grievant and contain a statement setting forth the nature of the grievance, the alleged violation and the remedy sought.
- C. 1. Within twelve (12) normal business days from receipt of the notice to arbitrate in paragraph B above, the parties will meet to attempt to jointly select an arbitrator. In the event the parties are unable to mutually agree upon an arbitrator, the Company and the Union will jointly request, on an alternating basis, from the Federal Mediation and Conciliation Service and American Arbitration Association, a list of seven (7) arbitrators from the Rocky Mountain Region. Within ten (10) days of the receipt of the panel, the Union and Company will meet and alternately strike names from such list until a single arbitrator remains. The party to strike the first name will be determined initially by lot; thereafter, the parties will alternately strike names until the name of one arbitrator remains to hear the grievance. If both parties agree that the selected arbitrator is unable to hear the grievance within a reasonable period of time and if the parties are unable to agree on an alternate, they will proceed immediately to select a different arbitrator using the procedure outlined in this paragraph. Two (2) weeks prior to the arbitration the parties will attempt to stipulate to the issues and the facts not in dispute. An arbitrator is obligated to issue a decision within sixty (60) days after completion of the hearing or filing of briefs. The arbitrator will be advised of this requirement at the time of being hired. If a decision is not rendered within sixty (60) days the parties shall jointly request a decision.
- 2. The arbitrator selected in accordance with the above

procedure shall decide the dispute and his decision shall be final and binding on the Company, the Union and the employee(s). The arbitrator shall only have authority to decide if the Company violated the express terms of this Agreement and the remedy for any violation. He shall have no authority to add to, subtract from, or modify this Agreement in any way or to rule on any matter except as to matters arising while this Agreement is in full force and effect between the parties. The arbitrator shall have power to establish wage rates on new or changed jobs or any existing job or to change any wage rate consistent with Article 15 of this Agreement. He shall have no power to substitute his discretion in cases where the Company has retained discretion or has been given discretion in this Agreement. In arbitrations which involve discipline for theft, the arbitrator's authority shall be limited solely to a determination of whether or not the employee actually committed the act or acts for which he was disciplined and the Company's decision of the kind and degree of discipline shall not be disturbed. In all other matters of Company discipline, the arbitrator shall determine the facts and circumstances upon which the discipline was based and if the facts and circumstances were substantially as found by the Company, the discipline will not be disturbed unless the arbitrator finds the discipline given was unreasonable.

3. The Company, in no event, shall be required to pay back wages for more than fifteen (15) calendar days prior to the date a written grievance is filed. All awards of back wages shall be limited to the amount of wages the employee would otherwise have earned less any unemployment compensation or any other compensation for his services that he may have received from any source during the period. If the employee was out of the labor market or failed to make diligent efforts to apply or look for work during unemployment, no back pay shall be awarded for that period of time.
4. The arbitrator shall not be empowered and shall have no jurisdiction to base his award on any alleged agreement, promise, custom, benefit, practice, or usage which occurred prior to the effective date of this Agreement. All agreements, promises, customs, benefits, practices or usage established during the term of this Agreement must be in writing.
5. The arbitrator's decision or award shall be based solely on the evidence presented to the arbitrator by the respective parties or their counsel in the presence of each other, and the arguments presented in the written briefs of the parties.

- D. The Company agrees that it shall not subpoena or call as a witness in any grievance or arbitration proceeding any employee or former employee from any bargaining unit in the Company. The Union agrees that it shall not subpoena or call as a witness in such proceedings any non-bargaining unit employee or former employee from the Company.
- E. The Company and the Union will share equally all fees and expenses associated with the selection, hearing and decision of the arbitrator. All expenses of the hearing room, transcript and amenities will be agreed to by the parties prior to the hearing and shall be shared equally. Arbitration hearings will be held at a mutually agreed neutral site unless otherwise agreed.
- F. Failure of either party to diligently pursue efforts to select an arbitrator and secure a hearing date will result in default against that party. In the case of default the grievance will be granted or lost by the party in default. The above time limits may be extended by mutual agreement.
- G. Either party may file a post-hearing brief. Such briefs will be filed within twenty-one (21) days of the close of the hearing or the receipt of the transcript, whichever is later. This time limit may be extended by mutual agreement.
- H. Either party may have a transcriber present at the arbitration. The party supplying the transcriber shall have the right to supply the arbitrator with a copy of the transcript with no obligation to supply one to the other party. Should the other party request a copy of the transcript, they may do so, in writing, and it will be provided. If a copy of the transcript is provided to the other party, the receiving party shall pay one-half (½) the fee of the transcriber.

Article 7:

SENIORITY

- A. **Definitions:** For the purpose of this Agreement, seniority is defined as each employee's length of continuous service with the Company and shall date from the most recent date of hire of the employee by the Company. Seniority shall govern in layoff and recalls, promotions, demotion, transfers where skill, ability to perform the work and experience are relatively equal which is the definition of "qualified" in this Agreement. The Company will determine qualifications. The Union or employee may file a grievance if they disagree. The existence of a vacancy shall be determined solely by the Company. Medical examination date and time will be used to break ties. In the IAM 568 (Mine); IBEW Locals 354 Mine and Refinery, Local 57 UPP; Operating

Engineers Local 3, OPEIU, and USWA Local 485 seniority where used in this Agreement will mean seniority within their bargaining unit and the seniority provisions will be applied on a bargaining unit basis only. The Company will maintain and post seniority lists on bulletin boards in the plant showing the Job and Seniority for all employees, including those on leave of absence. Such lists will be updated each three (3) months. Objections to posted seniority dates will be corrected as soon as possible after the Company verifies the error. The remedy for objections raised and verified after thirty (30) days from the original seniority posting date will be limited to proper application of the verified date with no monetary penalty. Each Union will receive copies of their seniority list as soon as possible following preparation. The Company may provide the Union with a list showing all persons recalled, hired, or terminated for any reason each month with the job noted thereon.

- B. An employee will lose all seniority and related rights, including recall rights, if:
1. The employee quits, is discharged, terminates or retires.
 2. The employee is absent from active work for any reason, including layoff, for a period longer than five (5) years, except that seniority will accrue for an employee on military leave to the extent required and limited by applicable Federal Law and for an employee on leave of absence provided for in Article 20C.1 hereof and for absence necessitated by sickness or injury compensable under Utah Workers' Compensation Law.
 3. The Company will periodically request of employees on layoff that they provide the Company in writing of their intention to continue to be considered for recall. If an employee fails to respond to such request or elects not to be considered for recall, such seniority and related rights, including recall rights will be terminated.
- C. **Probationary Period:** All newly hired employees are subject to a probation period of seven hundred twenty (720) regular straight time hours of actual work. Newly hired employees may be terminated at the Company's discretion during the probationary period. Nothing in this provision shall be construed as depriving the Union of the right to process grievances involving probationary employees on matters other than termination. If the employee is not terminated during the probationary period, the employee's pay level and area at the completion of his or her probation period will be his or her pay level and area for seniority purposes and will establish a seniority date as of date of hire.

D. Supervisory Positions

1. An employee temporarily transferred to a supervisory position will maintain and accrue all seniority not to exceed forty-five (45) working days total each year. Extensions of up to thirty (30) working days may be agreed upon by the parties.
2. An employee promoted to a supervisory position will lose all bargaining unit seniority upon transfer.

- E. Work Assignments:** Considerations in making work assignments may include, but are not limited to, qualifications, experience, company work priorities and resources, skills and training needs, seniority, and physical abilities of the employees involved. Work assignments shall not be for whim or capricious reason, but for business reasons.

Article 8:

PROMOTIONS AND TRANSFERS

A. Qualifications

1. The Company shall determine individual qualifications as provided in Article 7.A and the nature and extent of qualifications required for a particular job. The Company will not be arbitrary or capricious in determining qualifications.
2. It is the policy of the Company to promote its own employees, and only when qualified employees cannot be obtained in the ranks will the Company vary from this policy.
3. Seniority and qualifications as defined in Article 7.A shall govern in promotions and transfers. The Company will familiarize, instruct and train the employee(s). In the event employees are not selected for advancement by the Company, they shall be advised of the reasons for their rejection.

- B. Areas and Plants:** Areas established by the Company may exist in each plant. Plants and areas as determined by the Company may be changed with advance written notice to the Union. The Company will not change areas or plants except when necessary to restructure an area or plant. The Company and Union will determine the seniority ranking of employees in such cases.

- C. Vacancies:** The Company will determine if a vacancy exists.

D. Filling Vacancies

1. Employees who are desirous of transferring to a different area, or in obtaining a promotion within their area, shall fill

out a Company prepared form indicating their promotional desire and up to four (4) areas where the employee would like to transfer. When a vacancy in an area occurs, the first consideration shall be given to the senior qualified employee in the area who has completed the form referenced above thirty (30) days prior to the occurrence of the vacancy. In the event the vacancy remains unfilled, consideration will next be given to other employees who have requested transfer into the area thirty (30) days in advance of the occurrence of the vacancy on the form referenced above. The senior qualified employee will be selected for the position. In the event the vacancy cannot be filled by either promotion or transfer, the Company may hire to fill the vacancy from any source. Employees who fill a vacancy by transfer or hire shall not be eligible to apply for an additional transfer only for a period of two (2) years. If an employee is given a second transfer, that employee will not be eligible to apply for any additional transfer for the balance of the term of this Agreement.

2. Employees who accept a transfer or promotion and are assigned shall have fifteen (15) working days to decide whether to remain in the new pay level or return to the pay level they previously held. (He/she will be charged with the use of one transfer request.) Temporary assignment may be made until the job is permanently filled. Employees will be given training to qualify on a promotion or transfer. Employees disqualified at a later date will be subject to the provisions of Article 9, Reduction and Restoration of Force, unless the parties mutually agree to make other accommodations.
 3. A copy of the transfer report will be supplied to the Union on a quarterly basis. Promotion request forms will be made available for review upon request from the Union representative.
- E. Upon permanent assignment of an employee to a different jurisdiction, the Company will honor the Union dues checkoff card with most current date.

Article 9:

REDUCTION AND RESTORATION OF FORCE

- A. In the event of a reduction in force of one or more employees who have completed their probationary period, the Company will retain the senior qualified employee. In the event of a temporary emergency shutdown not to exceed seven (7) calendar days, employees within an area directly affected may be temporarily

laid off irrespective of seniority. As determined by the Joint Apprenticeship Committee in a reduction in force, individuals engaged in active apprentice service will be considered for retention along with journeymen based upon their ability to perform the duties required by the Company.

- B. The Union will be given seven (7) days' notice of a contemplated reduction of force except in cases of emergency shutdown as defined above. The Union will be provided lists of employees within the affected area to be reduced. Employees will be given five (5) calendar days notice of their reduction in force except in cases of emergency shutdown as defined above. The Company will meet with the Union prior to giving the aforementioned notice to employees. In any reduction in force, an effected employee may only elect voluntary layoff when the Union and the Company mutually agree.
- C. In a restoration of force, the Company will first recall the senior qualified employee from the area in the plant from which he was laid off. Other laid-off employees, who have seniority rights to recall to that plant, and then those employees who previously worked in the area or plant, will be recalled to vacancies within the area so long as they are qualified to fill the vacancy. Finally, any employee who has been laid off will be recalled before new employees are hired provided such laid-off employees are qualified to fill the vacancies. If an employee accepts recall to an area other than the area from which the employee was laid off, such employee will remain eligible for recall to the area from which they were laid off for a period of four (4) years from the date of their layoff.
- D. An employee who cannot be reasonably contacted for recall or who does not respond to recall notification within seventy-two (72) hours after being contacted or who does not report to work within fourteen (14) calendar days of notification and fails to secure an extension from the Company, will be considered as having quit and will cease to be an employee of the Company.
- E. The obligation of the Company to contact an employee for recall will be limited to the sending of a certified letter to the last address known to the Company, except that the Company may at its discretion recall employees by personal contact, telephone call or other means available. Laid off employees must provide the Company with current phone numbers and addresses and must promptly notify the Company of any changes in their phone numbers and a copy of the recall letter will be given/provided to the local union president.
- F. Notwithstanding the above, in the case of recall for temporary employment of less than ninety (90) calendar days, an employee will report to work as required. The Company will notify an

employee of recall by telephone using the employee's last telephone number listed with the Company or by other means of personal contact. Employees who refuse recall, cannot be contacted, or cannot report to work, under these circumstances, will not forfeit their recall rights, however the Company is only obligated to contact an employee one (1) time for a temporary recall.

Article 10:

CONTRACTING OUT/OUTSOURCING

It is the Company's desire to use its own employees to perform bargaining unit work. However, that stated desire does not restrict the Company in any way from contracting out/outsourcing any work. The Company will not contract out/outsourcing work for the purpose of permanently reducing bargaining unit employees.

The Company will consider suggestions from employees and the Union to improve efficiencies, including suggestions on ways to perform work in a manner that is feasible, practical, and cost effective, and may reduce contracting out/outsourcing. The parties agree that a constructive dialogue will avoid surprises and misunderstandings with respect to contracting out/outsourcing. Bargaining unit employees are expected to respond to Company requirements to complete necessary work.

In the event the Company decides to contract out/outsourcing work that will not result in the reduction of the then current number of bargaining unit employees, (i.e. layoff/displacement from the pay level as a result of the contracting out/outsourcing decision), or if the Company decides to contract out/outsourcing work that the Company determines is construction, new construction, major breakdown repair or work that is not bargaining unit work, the Company shall have no obligation whatsoever to bargain with the Union concerning either the decision or the effects of the decision to contract out/outsourcing the work. The issue of whether it is bargaining unit work or that a layoff/displacement from the pay level occurred is subject to grievance and arbitration. In the event the Company decides to contract out/outsourcing work that will have the specific result of reducing the then current number of bargaining unit employees, (i.e. layoff/displacement from the pay level as the result of the contracting out/outsourcing decision), the Company will notify the Union of its intention. The Company and the union will have fourteen (14) days from the date of the Company's notification (unless the parties mutually agree to extend this time limit) to bargain both the decision and the effects of the decision on bargaining unit employees. If no

agreement is reached within the fourteen (14) day period, the Company shall have the right to proceed with its contracting out decision and provide for the affected employees consistent with its position during the bargaining. Effects bargaining for the purposes of this Article may include, if requested, such subjects as severance, retirement incentives, benefit continuation and/or contract rights covered by this Agreement.

Consistent with Article 2, the Company retains the right to contract out/outsource work, except as provided herein. The Union shall have the right to grieve and arbitrate any claimed violation of this Article 10.

Article 11:

USE OF CASUAL AND TEMPORARY WORKERS

The Company may use casual or temporary workers who will be direct hire employees to perform work performed by employees in the classifications covered by this Agreement. Provided, however, the Company will not employ such workers if regular full-time employees on layoff status could perform the work. Such workers will be laid off before regular full-time employees. The Company agrees that it will not use what are commonly referred to as "temporary help agencies" which provide on a daily basis contract labor for various jobs.

After ninety (90) working days in a calendar year (excluding time for mandatory safety training), such workers shall be terminated/released/let go or they automatically will become regular full-time employees. The number of casual or temporary workers, at any one time, will not exceed seventy-five (75) people. Employees will be assigned only at or below operator "C" level. The Company will provide the Local Union in writing with the name, address, phone number (if given), job assignment/reassignment, and rate of pay of each such worker at the time they begin work on the job. The rate of pay shall be equal to the rate established for such work as provided in this Agreement. The beginning and ending date of assignment will be given the Local Union in writing. The Company may offer such workers a regular full-time position at any time.

Such workers shall be members of the bargaining unit and eligible for membership, not be entitled to Benefits under this Agreement except holidays and life insurance, and will not accrue seniority, except time worked by such workers will be considered as time worked in the probationary period if the worker is hired as a regular full-time employee or as provided herein. All other provisions of the Agreement apply, except for grievance and/or arbitration provisions regarding their termination or an overtime

dispute during the ninety (90) day period. Temporary employees are not entitled to overtime hours unless regular employees are not available in the area.

Article 12:

WORK WEEK AND BASIC DAY

- A. **Basic Day:** The basic day consists of twenty-four (24) consecutive hours beginning at a time designated by the Company at individual plant locations. The starting time of the basic day will not be changed, once established, to avoid the payment of overtime, or other compensation due employees under the terms of this Agreement.
- B. **Work Week:** The work week will consist of seven (7) consecutive days commencing at a time designated by the Company at individual plant locations. The start of the work week will not be changed once established, except by mutual agreement.
- C. **Work Day:** The work day of an employee will consist of twenty-four (24) consecutive hours beginning at the employee's regularly scheduled shift starting time as designated or agreed by the Company.
- D. **Lunch Time**
 - 1. Employees will be scheduled to receive either a thirty (30) minute unpaid lunch period, or a twenty (20) minute paid lunch period.
 - 2. Employees who receive an unpaid thirty (30) minute lunch period shall begin that lunch period between the fourth (4th) hour and fifth (5th) hour of the shift. Employees may be required to work through this period, in which case they shall be paid for their lunch period at one and one-half (1½) their straight-time rate and allowed sufficient time, not in excess of twenty (20) minutes, in which to eat lunch.
 - 3. Employees who receive a paid lunch period, including all employees while working a full shift on a holiday listed in Article 17.A, shall be allowed time to eat not in excess of twenty (20) minutes between the beginning of the fourth (4th) hour and the end of the sixth (6th) hour of the shift, or as approved by supervision. Employees required to work through this period, will be paid twenty (20) minutes at their straight time rate and will be allowed sufficient time, not in excess of twenty (20) minutes, in which to eat. Employees in the pit operations, who with the approval of management, work through this period, and do not take this twenty (20)

minute break, shall be compensated for their time at one and one-half (1½) their straight-time rate. Unless otherwise agreed, where employees eat on the fly, it shall continue.

4. Reasonable break time will be taken in accordance with the needs of the operation and with the approval of supervision.
5. Employees in the pit operation and truck operations shall be given a suitable place out of weather to eat lunch.

E. Measured Work Time

1. All employees will be at their work station and ready for work at the start of their scheduled shift. All employees will remain at their designated work station until the end of the shift or in designated jobs, until properly relieved. The work station is the piece of equipment being operated or the area where an employee's work is to begin or other location designated by the Company. The work station for maintenance employees is the location where they store their tools and/or receive their daily work assignments. Time used in personal preparation for work, travel to and from the work station, wash-up and clothes changing will not be considered as time worked and will not be compensated for by the Company, except as provided in paragraph E2 below of this Article 12 for certain Mine Plant Pit Operations employees, and employees assigned to work in regulated areas of the Smelter shall be paid ten (10) minutes at time and one-half (1½) for required personal clean-up following the completion of their scheduled shift.
2. The Company will furnish transportation to employees to their equipment, pick-up points or work locations in Mine Plant Pit and Crusher Operations. Transportation for employees required to report and work prior to their shift ("extended work time") will leave designated points twenty (20) minutes before shift starting time to deliver them to their work locations to relieve the employees on shift. In compensation for such extended work time, such employees will be paid twenty (20) minutes at time and one-half (1½) their regular rate of pay. If the report time is changed to accommodate meetings or instruction-related activity, it will not exceed thirty (30) minutes before the start of the shift and will be paid at time and one-half (1½) their regular time rate. While travel time is not considered as time worked as stated in paragraph E1 above of this Article 12, for purposes of facilitating the movement of Mine Plant Pit and Crusher Operations employees on extended work time, such employees who have been relieved from work and are

transported back to their starting point will receive pay for all time traveling in excess of fifteen (15) minutes after shift end at their regular rate paid in six (6) minute intervals. Employees driving vans in and out of the pit will be compensated as work time.

Article 13:

WORK SCHEDULES

A. Posting Work Schedules

1. The Company will prepare and post employee work schedules to cover a minimum period of two (2) weeks up to a maximum period of three (3) months. Such schedules will be posted not less than four (4) days prior to the beginning of the period to which they shall apply.
 2. Such schedules shall show the dates and shifts that each employee is assigned to work and shall be subject to change by the Company to meet operating requirements. Schedule changes due to emergency operating requirements will not require advance notice. The Company will give consideration to Union suggestions on shifts, starting times and finishing times and days off.
 3. An employee's posted schedule shall not be changed for the purpose of avoiding payment of overtime. Work schedules shall not be changed to cause individual employees to receive fewer days of work than they would have been entitled to had their established work schedules not been changed. Schedule trades, including shifts and days off same or like jobs will be allowed with the approval of the supervisor concerned and must be cost neutral. Such employee will retain position on overtime list.
 4. If in order to meet operating requirements the Company contemplates reducing employee work schedules to provide less than forty (40) hours' straight-time work per week, the Company will meet with the Union to discuss such reduced work schedules before posting them.
- B. Duration of Shift:** Employees may, as determined by the Company, be scheduled to work shifts of up to twelve (12) hours' duration.
- C. No Guarantee:** Except as provided in Article 14, C nothing in this Agreement will be construed to guarantee any employee a minimum number of hours of work or hours of pay in a workday or work week.

Article 14:

OVERTIME

A. Overtime Pay: All time worked under this Agreement will be compensated as follows:

1. All such time worked in excess of forty (40) hours in any work week for which overtime has not already been paid to an employee will be paid one and one-half (1½) times the employee's regular straight-time rate; provided, however, all holiday hours worked shall be counted as time worked for purposes of this paragraph.
2. All such work in excess of an employee's regular shift will be paid at one and one-half (1½) times the employee's regular straight-time rate.
3. Normal shift or schedule changes will not be made which cause an employee to be scheduled for two (2) consecutive shifts, unless requested by the employee.
4. Employees required and authorized to begin work in advance of their regular starting time or continue work beyond their regular quitting time, or employees required to work their scheduled day or days off or a holiday, will not be required to layoff during the same work week solely to offset overtime worked.

B. Overtime Worked

1. No employee may refuse to work overtime, unless applicable law prohibits the requirement of such overtime work. Voluntary and required overtime will count as time worked for the purposes of this section. If employees responsible for operating and maintaining their plant fail to recognize their responsibility to work overtime, the Company will use any means possible to fill these vacancies.
2. An employee may be excused from overtime work for good and verifiable reasons as determined by his/her Supervisor.
3. No employee will be required nor allowed to work in excess of sixteen (16) consecutive hours, except in cases of emergency. For the purpose of this provision alone, unpaid lunchtime will not be included in the measure of such consecutive service period. Upon completion of such consecutive service, the employee shall not work for eight (8) hours. If the completion period falls within an employee's regularly scheduled shift, the employee shall not work and will be paid for the remainder of the shift at the regular straight-time rate of pay. If the employee's schedule requires a short change, such employee will not be offered overtime during the short change shift.

4. An employee will not be considered available for overtime while on authorized leave of absence including union leave, military leave, vacation, sick leave, or funeral leave.
5. Apprentices will not be eligible for continuous-to-shift overtime on the days that they are scheduled to attend apprentice school. Apprentices will not be assigned to work they are not qualified to perform.

C. Reporting to Work/Callout

1. An employee reporting to work at the start of his/her scheduled shift who was not notified before leaving for work, not to report, will be guaranteed four (4) hours of work or pay at his/her regular straight-time rate.
2. An employee returning to work as called between his/her regular shifts shall be paid one and one half (1½) times his/her hourly straight-time pay rate, with a minimum payment equivalent to four (4) hours at such straight-time rate. This minimum payment shall not apply to overtime work consecutive to the regular schedule.
3. When an employee is called out for work, accepts the call-out and the call-out is subsequently cancelled prior to reporting to work, the employee will be paid one half (1/2) hour at his/her regular straight-time rate.
4. Pay for time not worked under the above paragraphs 1, 2, and 3 will not be considered as time worked in the computation of overtime.

D. Overtime Distribution

1. Overtime will be distributed in a fair and equitable manner over the course of a year. In an effort to balance overtime work opportunities, area overtime units will develop procedures for fairly administering overtime. The area overtime/unit overtime procedure/policy will be discussed with the Union and if in writing the Union will be furnished a copy.
 - a. Supervisors shall balance overtime opportunities among their employees.
 - b. Employees should identify valid overtime imbalances and work with their Supervisor and resolve such imbalances in a mutually agreeable manner.
 - c. To balance the overtime distribution, anyone legitimately harmed will be given the next available overtime opportunity.
2. Consecutive to shift overtime will be worked by the employee assigned to a job during the shift. In the event a job assignment is known to require overtime at the beginning of the shift or at the end of shift where an employee has not been assigned, such job assignment will be

made under overtime procedures. New jobs that require overtime which arise during the shift will be assigned under overtime procedures as practical as possible. Overtime will then be offered to those on-shift employees that have previously volunteered or have communicated a willingness to work.

- a. Employees should indicate their desire to work overtime at the start of the shift or anytime during their posted work schedule.
 - b. The Supervisor will assign overtime to qualified volunteers.
 - c. Supervisors should make every effort to balance the amount of overtime by his/her employees.
3. Each Area will develop overtime procedures to fill vacancies when continuous-to-shift overtime procedures fail.
 4. Planned overtime needs (planned work, vacation coverage, etc.) will be scheduled as soon as practical first to those employees that volunteer.
 5. Only those employees interested will be called to work unplanned or unexpected overtime.
 6. Lunch periods worked will not be considered overtime, except as otherwise noted in this Agreement.

E. Overtime - Other

1. Employees working unscheduled overtime immediately following their regularly scheduled shift will be provided transportation to their homes when they cannot reasonably provide their own transportation.
2. An employee accepting to work overtime two (2) or more hours beyond the end of the regular shift or an employee who works two (2) consecutive shifts will be furnished an overtime meal after the first two (2) hours of work.

Article 15:

JOBS & RATES OF PAY

- A. The jobs and corresponding hourly rates of pay are set forth in Attachment A attached here to as part of this Agreement or as amended by the Company for new or changed jobs. The terms "straight-time hourly rate," "straight-time rate," "regular rate," "regular rate of pay" and like terms as may be used in this Agreement, are identical in meaning and refer to the "hourly rates of pay" set forth in Attachment A or as amended.
- B. Employees who work on shifts other than the day shift shall be compensated, in addition to their straight-time

rate of pay, as follows:

- Forty cents (40¢) per hour for work performed on the second shift of a three-shift operation.
 - Fifty-five cents (55¢) per hour for work performed on the third shift of a three-shift operation.
 - Forty-seven and one-half cents (47½¢) per hour for work performed on the second shift of a two-shift operation.
 - Forty-seven and one-half cents (47½¢) per hour for work performed on an intermediate shift (later than the second shift but earlier than the third shift).
- C. There shall be no pyramiding of earnings for the same hours worked resulting from various types of overtime or premium pay. The maximum total paid any employee for any hours worked shall be one and one-half (1½) times the sum of the regular straight-time hourly rate of pay and any applicable shift differential.
- D. Changing conditions and circumstances during the term of this Agreement may require the Company to establish different job duties and/or establish hourly base rates for new or changed positions. The following procedure shall apply to new and changed jobs:
1. The Company will establish job duties and a rate of pay for a job and will not implement the job duties and rate until fulfilling the requirements of sub-paragraph 2 of this Article 15D.
 2. The Company will not implement the job duties or the rate until there is mutual agreement. If the local parties with the assistance of the International Representatives or their designee are unable to resolve the matter within two weeks, the matter will be referred to the Vice President of Human Resources and the Union Coordinated Bargaining Chairman for resolution. If they are unable to agree, then the services of the Federal Mediation and Conciliation Service will be asked to assist in the matter.
 3. If no agreement is reached, the Company may implement the change and the Union may, within thirty (30) days following implementation of the new or changed job rate by the Company, file a grievance at Step Two (2) alleging that the pay rate does not bear a fair pay rate relationship to the other jobs in Attachment A of this Agreement. Such grievance is subject to the grievance and arbitration procedures of this Agreement. The Arbitrator shall, in determining whether a fair pay rate relationship exists, consider the requirements needed to perform the job in terms of education, experience and needed skills (mental and physical), responsibilities (to

materials, for equipment, operation, safety to self and for others), and the conditions under which the job is performed in relation to those same characteristics required for performance of the other existing jobs. Any rate adjustment resolved through the grievance or arbitration procedure shall be effective the date the new job was installed or the date the changed job was placed in effect and/or was established by the Company through notification to the Union that such changes had occurred. The arbitrator is limited to determining the placement of the job within an existing rate of pay as set forth in Attachment A of this Agreement.

4. The parties may agree to establish a rate higher than the highest existing rate, but the arbitrator shall have no authority to establish a rate above the highest established in Attachment A of this Agreement.

Article 16:

VACATIONS

- A. 1. A paid vacation will be granted to each eligible employee. To be eligible for a vacation, an employee must have worked at least one thousand sixty (1,060) regular straight-time hours during the vacation determinative year which is the service or calendar year immediately preceding the year in which the vacation is taken. In meeting the foregoing work requirement, an employee will be credited as provided in Article 20. C and with any period of time not exceeding one thousand sixty (1,060) regular straight-time hours, or the equivalent, missed per year for up to three (3) vacation determinative years because of the employee's sickness or injury if it is compensable under the Workers' Compensation law, unless the employee has been laid off.
2. Effective January 1, 2004, the Company may prepay up to eighty (80) hours of an employee's accrued but unused vacation prior to February 28 of each year to be taxed at the employee's regular payroll tax rate. The Company may prepay the balance of any employee's accrued but unused vacation in October of each year. Employees who are prepaid their vacation may schedule time off without pay as vacation time in accordance with this Article.
3. Vacation pay in lieu of time off may be paid if requested by an employee upon mutual agreement. An employee may receive vacation pay prior to the employee's scheduled vacation if a written request is provided two (2) weeks in advance of the vacation.

- B. Employees will be awarded vacations based upon the following terms and conditions:
1. Each vacation award will consist of the appropriate hours' pay at the employee's regular straight-time rate of pay at the time the vacation is taken or paid. Regular rate of pay excludes overtime, shift differential and premium time payments or allowances.
 2. Vacation award will be determined by continuous years of service, as follows:
 - a. Forty (40) hours of vacation after one (1) year of service.
 - b. Eighty (80) hours of vacation after three (3) continuous years of service.
 - c. One hundred twenty (120) hours of vacation after ten (10) continuous years of service.
 - d. One hundred sixty (160) hours of vacation after seventeen (17) continuous years of service.
 - e. Two hundred (200) hours of vacation after twenty-five (25) continuous years of service.
 3.
 - a. Vacations will be scheduled by the hours awarded and in full shift increments.
 - b. With the approval of the supervisor, a partial vacation day i.e. less than a full shift, may be either scheduled in advance as time off, or paid to the employee.
- C. Eligible employees, having completed one (1) to two (2) continuous years of service will be awarded vacation on a service year basis. Eligible employees will be awarded vacation on a calendar year basis beginning January 1, of the year subsequent to the year in which the employee completes two (2) continuous years of service.
- D. Beginning November 1 of each calendar year employees may indicate their preference to their supervisor for vacation periods in full shift increments for the following year. Beginning January 1 of such year vacations will be scheduled based on employees' preferences and seniority. All vacation time is subject to the approval of the Company. The Company has a right to limit the number of employees on vacation at any one time. Vacations may be changed with the written permission of the employee's supervisor.
- E. Employees will be permitted to charge time off to vacation hours with the advance approval of their supervisor.
- F. Pro rata vacation for employees will be provided on the following terms:
1. Employees having one (1) or more years of continuous service with the Company who are laid off prior to having met the work requirement in paragraph A (the "work

requirement") above during the vacation determinative year are entitled to a prorated vacation payment by December 31, of the year of layoff. The pro-ration will be calculated by dividing the number of regular straight-time hours, up to the work requirement, worked or credited pursuant to paragraph A above by the work requirement, multiplied by the full vacation award in paragraph B above. At the time of the event, employees who have voluntarily resigned, die (their beneficiary), retire or enter the armed services shall receive pro rata vacation as calculated herein.

2. Employees recalled to employment within the same year of layoff may earn eligibility for that part of the employee's full vacation award not received above. Such employees will receive a pro rata vacation award as calculated above, provided that the total of all pro rata vacation awards will not exceed the employee's vacation award entitlement.
3. Employees recalled to employment in a year subsequent to the year in which they were laid off may earn a full vacation award for the year following recall by satisfying the work requirement in the recall year or, if the work requirement is not met, by earning a prorated vacation award using the pro-ration calculation as provided above in this paragraph F.

Article 17:

HOLIDAYS

- A. A "holiday" under this Agreement is: New Year's Day, Easter Sunday, Memorial Day, Independence Day (July 4th), July 24th, Labor Day, Thanksgiving Day, Christmas Eve, Christmas Day. When any such holiday falls on a Sunday, the next day, Monday will be considered the holiday, except for Christmas Eve, Christmas, New Year's Day and Easter Sunday. National holidays provided for in this Agreement will be observed on the day designated by federal authority. A holiday will normally be considered the twenty-four hour period commencing at the start of the basic day, unless otherwise designated by the Company.
- B. An employee will be paid eight (8) hours straight-time pay as holiday allowance, provided (1) the employee was last hired at least one (1) month prior to the holiday in question; (2) the employee works his/her last scheduled shift prior to a holiday and his/her next scheduled shift after a holiday unless the

employee was prevented from working such shifts¹ due to verifiable illness of the employee or verifiable similar good cause; and (3) provided that the employee has worked in the work week in which the holiday falls or in the immediately preceding or following work week unless the employee was prevented from performing such work due to authorized paid time off pursuant to Article 20C.2 vacation, jury duty, funeral leave or military encampment provisions of this Agreement.

- C. An employee who is otherwise eligible and works on a holiday will be paid two and one-half (2½) times the employee's straight-time hourly rate for all time worked, inclusive of the holiday allowance.
- D. If an employee is scheduled and assigned to work on a holiday and does not work, the employee will receive no holiday allowance, unless excused by the Company or as provided in B above. If an employee, who is eligible for the holiday allowance as provided in paragraph B above, is scheduled to work but is excused by the Company, the employee will receive in lieu of such holiday allowance straight-time pay equal to the number of straight-time hours he/she was scheduled to work on that holiday. The employee can trade shifts if approved in advance by the supervisor.
- E. Employees who may be required to work on a holiday will be those who would have normally been scheduled to work that day. Where all employees are not needed, qualified employees needed to work the holiday will be solicited in seniority order or on an overtime board basis or a holiday signup sheet, whichever is applicable. If a sufficient number of employees are not obtained, junior qualified employees will be scheduled and assigned to work. The Company shall notify employees if holiday work is needed at least one (1) week in advance.
- F. A holiday not worked will not be considered as time worked in the computation of overtime.
- G. When a holiday falls during an employee's vacation, the employee will receive holiday allowance for which the employee is eligible, but not additional time off.

¹ Note: In regards to Christmas Eve and Christmas Day an employee who satisfies only one of such scheduled shifts requirements will receive an allowance for one of such holidays if other requirements of this paragraph B have been met.

Article 18:

SAFETY AND HEALTH

- A. The Company and the Union will cooperate to eliminate or control accident and health hazards and to encourage employees to comply with safety and health standards.
- B.
1. The Company and the Union(s) shall continue a joint Safety and Health Committee at each plant. Each Union shall advise the Company in writing of the names of its employee representatives on each shift and the alternate.
 2. The Safety and Health Committee shall meet monthly to review safety and health matters. The agenda of the meeting shall include, but not be limited to: a review of the previous safety meeting minutes; status of previous inspections; and other related safety and health items proposed by the members of the committee.
 3. Special safety and health meetings may be requested by the Company or Union Safety and Health Committee representatives to take up serious matters requiring immediate consideration. Where procedures are not currently in effect providing for joint inspections, it shall be the function of the Joint Management-Union Safety and Health Committee to conduct an inspection of those selected facilities at its respective plant as the committee determines.
 4. An accident causing a disabling injury or fatality will be investigated as provided below. An accident which could have resulted in serious personal injury, in the opinion of the Company, will be investigated as follows: The employee, Joint Management-Union safety representative shall be notified immediately by the Company and they shall have the right to investigate the matter in question jointly with Company representatives. This notification shall not interfere with the immediate investigation by the Company. Except for the possible need to protect the health and safety of others, or prevent further damage to equipment, accident scenes involving fatalities or serious injuries will not be unnecessarily altered until jointly investigated.
 5. The employee Union safety representative(s) will not suffer loss of wages for any time lost in the performance of safety functions herein.
 6. Detailed minutes of safety and health meetings between the Company and the Union shall be prepared by the Company. Copies of the minutes will be furnished to the Union's

Safety and Health Committee representatives within a reasonable time following each meeting. The Union may file exceptions.

- C. Safety and health representatives of the Union including International Safety Representatives, will be permitted ingress to the Company's facilities after proper authorization from the Company, for the purpose of determining facts in safety and health situations between the Union and the Company. Company representative(s) will accompany the Union representative(s) during these visitations.
- D. First aid facilities or equipment will be provided by the Company as necessary to provide adequate first aid for employees as recommended by Company appointed medical personnel.
- E. The Company will furnish required protective equipment and protective devices (excluding safety shoes) necessary to protect employees from industrial illness and injury. Special protective wearing apparel such as rubber suits or aluminized clothing will also be furnished by the Company where necessary to protect employees. The Union will be advised of significant changes.
- F. When the Company plans to implement significant changes in its work processes or to introduce new machinery, the Company will notify the Union Safety and Health Committee representatives of such plans. The employees who work with the changed process or the new machinery will be instructed in the safe operation of such process or machinery.
- G. Where the Company is currently using chemicals, solvents and/or compounds or when new chemicals, solvents and/or compounds are to be introduced, the Company will inform the Union and Management Joint Safety and Health Committee representatives as to what known hazards are involved in the normal use of such, if any, and what precautions will be taken to assure the safety and health of employees involved. Those employees that will be required to work with or in the area of such chemicals, solvents and/or compounds will be informed of the hazards involved and instructed in precautions and proper handling procedures for such chemicals, solvents and/or compounds. Upon request, related study and test data will be provided to the Union.
- H. All newly hired employees shall be given an orientation by the Company concerning the Company's safety and health program. Such newly hired employee shall then be taken to the supervisor in the area in which they are to work and instructed on safety and health matters relating to the job and their safety responsibilities to themselves and to fellow workers. Likewise, they shall be introduced to the Union's chairman or his designee of the safety and health committee. Instructions on safety and health matters

will also be given to employees as changes in circumstances or assignment may warrant.

- I. Any employee injured on the job shall receive a full shift's pay regardless of the time of injury, provided such employee reports to a Company designated doctor or medical technician and upon advice of the designated doctor or medical technician either returns or does not return to work for the remainder of the shift.
- J. Safety rules and codes of safe practice, including state and federal requirements, as published and/or revised by the Company will govern operations, and all employees will be bound by such rules and codes. Such rules and codes will be furnished to all employees and posted in the work area. This will not prevent representatives of the employees from conferring with officers of the Company in regard to such matters or from appealing complaints. No changes may be made in such rules and codes so as to be in conflict with the provisions of this Agreement.
- K. In providing the following procedure, the parties agree to guard against the misapplication of this procedure by those seeking to use it for purposes not related to safety or health and/or by the misapplication of the immediate danger provisions described herein. The continuing responsibility of all employees, as well as all Company and Union representatives, is to make certain that the provisions of this procedure are applied solely for, and in the manner intended herein.
 1. An employee who in good faith believes an unsafe condition exists which is beyond the normal hazards inherent in the operation and which involves an immediate danger of injury to his person should notify his immediate supervisor who will immediately investigate to determine whether or not such conditions do exist.
 2. If at any step in the procedure outlined below, the Company finds that an unsafe condition does exist which involves an immediate danger of injury, the condition will be corrected before any employee is assigned to do the work.
 3. If the immediate supervisor determines that such immediate danger of injury does not exist, he/she will instruct the employee to do the work. If the employee still believes that such conditions do exist the employee may then request a Union safety committee representative on the shift to confer immediately with the supervisor on the subject. Upon conferring, the parties must first decide if an immediate danger of injury exists. If the parties agree that no such danger of immediate injury to the employee exists, the employee shall be advised to perform the work.
 4. If upon conferring, the immediate supervisor and the Union

safety committee representative on the shift cannot agree whether or not an *immediate danger* of injury exists, the Union or employee may file a grievance as provided in Step 5 below.

- a. While the matter is under consideration, the employee will be assigned other work in his/her classification, as appropriate, if such is available.
 - b. Nothing contained herein shall preclude the Company from assigning another employee to do the work in question if the Company has determined that no immediate danger of injury exists. The Company will advise such other employee of the disagreement prior to assignment.
 - c. No employee or representative, other than communicating the facts relating to the safety of the work, shall take any steps to prevent the assigned employee from doing the work.
 - d. No employee shall be discharged or disciplined for the reasonable good faith exercise of the rights set forth in the above procedure.
5. If the matter remains in dispute, it shall be subject to and processed in accordance with the grievance procedure. A grievance alleging an imminent danger shall be submitted at step 2 within two (2) days of the event giving rise to the grievance. The Company safety representative or designee shall attend the meeting. If not resolved, the matter will be subject to the final step of the grievance and arbitration procedure.

L. ADDITIONAL SAFETY ITEMS

- Trucks needing repair may be driven to the closest tie down.
- It is agreed that established tag out and lockout procedures will be followed and equipment will not be operated until repairperson signs off on repairs.
- The Company will continue to provide water trucks for dust control as needed.
- No work at unsafe banks will be performed and the supervisor will be notified. If questions exist, the next level of supervision will do an inspection. Bank watchers will be assigned when necessary.
- Truck driver safety meetings will continue.
- The Company will continue to have jointly developed driver-training programs.

M. Medical Examinations

1. The Company reserves the right to require any employee to

- submit to a physical examination at any time or from time to time to determine the fitness of such employee to perform his duties in a safe and satisfactory manner, which physical examination must be passed to the satisfaction of a Company physician or physicians to qualify the employee for service.
2. There may be referred to a medical board any question as to whether an employee is physically able to perform his duties in a safe and satisfactory manner. Such question shall be resolved by the medical board which shall consist of three physicians, one appointed by the Company, one appointed by the employee with the approval of the Union and a third selected by such two physicians. The fees and expenses of the third physician shall be shared equally by the Company and the Union. The opinion of a majority of such medical board shall be final and binding upon the Company, the Union and the employee.

Article 19:

BENEFIT PLANS

- A. The Company and the Union have negotiated the following benefit plans, which are contained in separate documents and are incorporated by reference herein:
 1. Health and Welfare Plan to provide:
 - a. Life Insurance and Accidental Death or dismemberment Insurance Benefits.
 - b. Weekly Accident or Sickness Benefits.
 - c. Comprehensive Medical Expense Benefits.
 - d. Dental Expense Benefits.
 2. Pension Plan for Hourly Employees.
 3. Retirement and Death Benefit Plan.
 4. Technological Benefit Plan.
 5. Savings Plan for Hourly Employees (a 401k Plan).
 6. A Voluntary Employee Benefit Association Trust Agreement.
 7. Supplement Life Insurance Benefit Program for employees and dependents.

The Company will send copies of such plans as amended in the 2002 negotiations to the Union.

attend a military encampment shall, at his/her option, be granted his/her accrued vacation with pay during such period of encampment.

- G. **Jury or Witness Service:** An employee who is called for jury service or who is subpoenaed as a witness will be excused from work and paid for the days on which he serves. The employee will receive for each such day of jury or witness service on which the employee otherwise would have worked, the employee's regular straight-time daily rate (as computed for unworked holiday allowance) based on his schedule provided, however, no employee will be entitled to receive such payment if the underlying procedures are commenced by any employee of the Company. The employee will present proof of service and of the amount of pay received therefore. An employee who attends court or inquest at the request of the Company shall be paid eight (8) hours' pay at the straight-time rate of pay (as computed for unworked holiday allowance) for each day of attendance, plus necessary expenses for meals, lodging and transportation.

Article 21:

CLOTHING AND TOOL REPLACEMENT

- A. Maintenance employees will obtain and maintain a full set of hand tools necessary for the performance of their work. Employees will be compensated for such required tools when they are destroyed or damaged beyond repair by abnormal circumstances during work or upon satisfactory proof that they were stolen, provided negligence on the part of the employee is not the cause thereof. Compensation consideration will include normal wear and quality of the tool. As determined by the Company, employees will be provided special tools for changed equipment or processes. An annual tool allowance will be paid to Journeyman Craftsmen in April each year in an amount equal to the average paid out in the area during the 1999 through 2001 period.
- B. New employees hired as Journeyman Craftsmen will be eligible for the annual tool allowance during their second year of employment as Journeyman Craftsmen.
- C. Except as provided in Article 18, Safety and Health, of this Agreement, the Company will not furnish work clothing unless applicable law or regulation requires that such clothing be furnished at Company expense. The Company will not compensate employees for personal clothing or other personal items when they are lost, stolen or worn out, nor will the Company compensate employees for tools when they are lost or worn out.

- D. Employees will be compensated for personal clothing destroyed or damaged beyond repair by abnormal circumstances during work. In determining such compensation, the prior condition of the item will be considered.
- E. Employees will be provided work uniforms by the Company at its discretion as to type, source, distribution, and maintenance of such uniforms. Employees shall take reasonable care of such uniforms assigned to them.
- F. Employees that work in the elements shall be provided foul weather gear if suggested by the Union and agreed to by the Company.

Article 22:

NO STRIKE/NO LOCKOUT

- A. No employee shall take part in or call any strike, work stoppage or concerted interruption, or impeding of work, or sympathy strike. No officer or representative of the Union shall authorize, approve, or sanction such activities. The Company will not engage in any lockout with respect to the employees.
- B. The right of the Company to discipline an employee for a violation of this Agreement shall be limited to the failure of such employee to discharge his responsibilities as an employee and may not in any way be based upon the failure of such employee to discharge his responsibilities as a representative or officer of the Union.
- C. The Union shall not be liable for damages for violation by the employees of the provisions of paragraph A of this Article if the Union does not authorize, approve, or sanction the activity constituting such violation and if, upon being notified by the Company of such activity, the Union promptly uses its best efforts to terminate the activity.

Article 23:

SEPARABILITY

If any of the provisions of this Agreement are held invalid or unenforceable by operation of law or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any of the provisions of this Agreement is restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it has been held invalid or unenforceable

or as to which compliance or enforcement has been restrained, shall not be affected thereby.

Article 24:

GENERAL

- A. **Rules and Regulations:** The Company retains the right to make reasonable rules and regulations and to change such rules and regulations, provided such rules and regulations are not in conflict with any of the provisions of this Agreement. Prior to effecting new rules or regulations, the Company shall discuss them with the Union and consider the Union's suggestions. Disputes over whether such changes are reasonable or the application of such rules is reasonable, are subject to the grievance procedure (file at 3rd step) and arbitration.
- B. **Use of Vehicles:** An employee who is instructed by his/her supervisor to use an automobile, registered in his/her name, for a work assignment or Company business during his/her work time will upon proper application receive the appropriate mileage allowance provided by current Company travel policy.
- C. **Bulletin Boards:** Bulletin boards are provided and will be maintained at convenient locations on the Company's property for the exclusive use of the Union; new boards will be provided as needed, by mutual agreement. All notices before posting shall be approved by the President or Secretary of the Union. The Company will replace boards removed during renovation of facilities, if requested by the Union.
- D. **Printing Contract:** The Company shall furnish, and either the Company or the Union may distribute, a booklet copy of this Agreement to all employees represented by the Union. The Company shall furnish sufficient additional copies as required by the local union.
- E. **Apprenticeship**
1. The Plans of Apprenticeship and Training previously agreed to between the parties July 18, 1993, incorporated herein by reference shall be effective during the term of this Agreement and will be administered in accordance with its terms. The Committee provided for in paragraph 5 below will assume the committee duties in the Plans of Apprenticeship, i.e., the person from each area will be responsible for his/her area.
 2. Apprentices will not be compensated for time spent outside of regularly scheduled working hours in related technical training. The cost of required training will be paid by the Company.

3. Should any conflict arise between the program or plans in I above of this sub-paragraph E and federal statutes and regulations, the parties will meet to effectuate the federal mandate and the term of this Agreement.
 4. If the Company decides to outside hire to a craft job it will make every effort to hire an individual(s) who has completed a Bureau of Apprenticeship approved program or equivalent and they will be tested by the Committee person from the area. However, the decision to hire rests with the Company.
 5. The Company-wide Joint Apprenticeship Committee will monitor apprentices and suggest needed training. The Committee will have eight (8) representatives from each party to this agreement. The Committee will meet at least semi-annually during normal business hours on paid time (straight-time if off-schedule) and will be responsible for preparing a report on:
 - a. Status of apprentices, including job progress and expected graduation.
 - b. Forecast of vacancies in craft jobs.
 - c. Advisory comments on training.The report will be given to the Company president and plant manager. The Committee members will receive no added compensation for time spent otherwise on apprenticeship work that is approved by the Company in advance.
- F. **Work by Supervisors:** It is not the Company's policy to have supervisors perform bargaining unit work; therefore, supervisors or other salaried nonrepresented employees, not included in the bargaining units covered by this Agreement, will not be required or allowed to perform duties of employees except as may occasionally (up to thirty (30) minutes per shift total) be necessary to promote the efficient conduct of the operations, provided, however, the obtaining of parts and supplies is not exclusively performed by bargaining unit employees. No bargaining-unit employees will be replaced or displaced by supervisors.
- G. **Leaves of Absence for Non-Felonious Incarceration:** Employees who are incarcerated for a non-felonious first offense shall be granted a leave of absence for a period not to exceed two (2) calendar days.

Article 25:

AGREEMENT

This Agreement dated October 1, 2002, shall become effective on June 13, 2003, and shall continue in effect to and including September 30, 2009, at which time it shall terminate.

STATEMENT OF UNDERSTANDINGS

The parties agree to the following:

1. Leaves of Absence for Union Officers

In the event that the Company has a lawsuit or an administrative complaint filed against it contesting the validity of leaves of absence for union officers under Article 20. C, the appropriate union will move to intervene in that proceeding and will cooperate with the Company in supporting the validity of leaves of absence for union officers under Article 20. C.

2. Annual Meetings

This will confirm our agreement that the Company and the Union will meet in 2003, 2004, 2005 and 2006, including representatives of the local unions, at a mutually agreeable time and place. The purpose of these meetings shall be to discuss mutual problems and issues, including those at the plant level, confronting the Company, the employees and their Union representatives, and to explore possible solutions to such problems. Full and candid discussions on such matters shall be encouraged in these meetings, with the objective of advancing the joint interests of the Company and its employees. Such matters as the business outlook and foreseeable events affecting the Company and its employees should be included in these discussions.

3. ADA/Disabled Employees

A. Americans With Disabilities Act (ADA)

The parties have had considerable discussion concerning the Americans with Disabilities Act of 1990 and the possible impact this Act may have on our employees, both present and future. Because of these discussions and because of the continuing uncertainties surrounding the interpretation of the Act, it is agreed both the Company and the Union will cooperate in an effort to:

- a. Comply with the provisions of the Act to perform this needed service for the disabled,
- b. Amicably resolve disputes arising from possible conflicts between the Act and the provisions of our Labor Agreement.

B. Disabled Employees

The parties recognize the need to place disabled employees (including disabled veterans), who are unable to perform their regular duties, on jobs within their bargaining unit which they are able and qualified to perform. To this end, the parties have reached an understanding that after the date of settlement, appropriate Company representatives and Union representatives from each local union will meet for the purposes of identifying existing jobs, within their respective bargaining unit, such disabled employees could perform, and develop necessary procedures for allowing them to transfer to such jobs. The foregoing is intended to supplement efforts to place disabled employees on jobs they are able and qualified to perform.

4. National Health Care Program

Following ratification of a new Collective Bargaining Agreement, if a national health care program applicable to the Company is enacted, then the Company will meet with the Union to discuss the effect of such programs on Utah Copper bargaining units.

WHEREFORE, the parties set forth their hands and seal this 13 day of June, 2003

For the Union:

Terry L. Bonds
Chairman, Kennecott Coordinated Bargaining Committee
Director, District 12
United Steelworkers of America

Carl N. Morris
Co-Chairman, Kennecott Coordinated Bargaining Committee
Assistant Director, District 12
United Steelworkers of America

Wayne Holland Jr.
Staff Representative, District 12
United Steelworkers of America

Dale M. Cox
Assistant District Representative
International Union of Operating Engineers, Local 3

For the Company:

Christopher L. Crowl
Chairman, Company Bargaining Committee
Vice President, Human Resources
Kennecott Utah Copper

Kim A. Moulton
Co-Chairman, Company Bargaining Committee
Director, Employee Relations
Kennecott Utah Copper

Wage and Benefit Plan Issues

This document itemizes agreements between the parties. Unless noted otherwise, all benefit plan changes became effective on 1-1-03. Enrollments for 2004 will occur in October 2003. Employees will remain enrolled in accordance with their current benefit plan elections unless the employee elects a change during the enrollment period. Retirees must complete the enrollment process during the retiree enrollment period, or they will not be eligible for medical benefits in the following plan year (the Union will be provided with copies of notices sent to retirees). All employee monthly contributions will be through automatic payroll deduction and all retiree monthly contributions will be through authorized deductions from their pension payment.

1. Provide wage adjustments as outlined in Attachment A
 - a. Red circled clerks will receive \$500 in January of each year until the wage scale exceeds their rate of pay. They must be on the payroll as an active employee to receive the payment.
2. All employees actively employed as of the date of ratification of the Collective Bargaining Agreement and all documents necessary to effect settlement of collective bargaining shall receive a one time bonus in the gross amount of Five Hundred and No/100 dollars (\$500.00).
3. The Company's statement on Incentive Plans is Attachment B
4. All hourly employee basic life insurance amounts will be \$30,000, except the current rate for C & T, and O & T will remain unchanged if they are higher (for those individuals currently employed in the C & T and O & T units).
5. Accidental Death & Dismemberment will be \$10,000
6. All hourly employees will be provided the opportunity (voluntary election) to purchase supplemental life insurance in the amounts of \$30,000 or \$60,000, paid through automatic payroll deduction in accordance with rate charts previously provided.
7. All hourly employees will be provided the opportunity (voluntary election) to purchase optional 'dependent' life insurance for their spouse and children in accordance with rate charts previously provided.

8. Employees retiring on or after October 1, 2002, will receive a retiree life insurance benefit of \$9,000
9. The Retirement & Death Benefit will be \$7,500
10. The Company will continue the company match of 50%, up to the 6% contribution rate. A provision for 'catch-up' contributions for persons over 50 years of age will be added.
11. The Company will establish Flexible Spending Accounts to provide hourly employees the opportunity to set aside pre-tax dollars for health care spending and for dependent care spending. The company will pay for the cost of administration of the Flexible Spending Accounts program. Elections must be made in the fall for the following calendar year. The program will be amended from time to time to comply with federal regulations and provide maximum flexibility to the employee.
12. Weekly Accident and Sickness Benefits will be as follows:
 1. Effective 10-1-02 \$260 weekly
 2. Effective 1-1-04 \$270 weekly
 3. Effective 1-1-05 \$280 weekly
 4. Effective 1-1-06 \$290 weekly
 5. Effective 1-1-07 \$300 weekly
 6. Effective 1-1-08 \$310 weekly
13. The Company will continue the Dental Expense Benefit Plan, as described in the Health & Welfare Plan for Employees of Kennecott Utah Copper Corporation, on the same basis as currently exists, and allowing the Company to change carriers from time to time. The monthly cost to the employee for participating in the standard dental plan will be as follows:

	<u>Individual</u>	<u>Individual + 1</u>	<u>Family</u>
Effective 1-1-03	\$ 2	\$ 5	\$ 8
Effective 1-1-04	2	5	8
Effective 1-1-05	3	6	9
Effective 1-1-06	5	8	11
Effective 1-1-07	7	10	13

The Company shall have the right to offer a Preferred Provider Organization (PPO) Dental Plan during the fall of each year for voluntary election by hourly employees for enrollment for the following calendar year. If elected, the PPO Dental Plan will replace the standard dental plan at a monthly cost to the employee as follows:

	<u>Individual</u>	<u>Individual + 1</u>	<u>Family</u>
Effective 1-1-03	\$ 0	\$ 0	\$ 2
Effective 1-1-04	0	1	3
Effective 1-1-05	1	3	5
Effective 1-1-06	2	4	6
Effective 1-1-07	3	5	8

14. Update all benefit plan documents to insure compliance with existing law. Provide that the Company shall insure future compliance with legal requirements by modifying plan documents. Also, the Company shall amend benefit plan documents to affect the negotiated changes only resulting from collective bargaining.

15. Active Employee Healthcare:

a. The Company shall have the right to offer Health Maintenance Organization (HMO) Medical Plans during the fall of each year for voluntary election by hourly employees for enrollment for the following calendar year. For 2003, the HMO election rates are as follows:

1. Individual	\$ 0
2. Individual + 1	\$10/month
3. Family	\$66/month

b. For 2003, the Company will continue to provide the Comprehensive Medical Expense Plan (the standard plan) based on enrollment elections made in the Fall of 2002 at a monthly cost as follows:

1. Individual	\$17/month
2. Individual + 1	\$35/month
3. Family	\$75/month

c. Beginning in 2004, the Company shall provide a Preferred Provider Organization (PPO) Medical Expense Plan (the new standard plan) with coverage's as outlined in Attachment C. Each July, the Company will provide to the Union a copy of the contract with Blue Cross/Blue Shield, past and projected costs, and any rebates to the Company. The Company will announce contribution requirements, by category (individual, individual + 1, and family). Participant and Company premium costs will be as follows:

<u>Participant</u>	<u>Company</u>
2004 11% of the monthly premium	89% of the monthly premium
2005 12% of the monthly premium	88% of the monthly premium
2006 13% of the monthly premium	87% of the monthly premium
2007 14% of the monthly premium	86% of the monthly premium
2008 15% of the monthly premium	85% of the monthly premium
2009 16% of the monthly premium	84% of the monthly premium

- d. The Company shall have the right to offer a Comprehensive Medical Expense Plan during the fall of each year (on the same basis as *currently exists* and allowing the Company to change carriers from time to time), for voluntary election by hourly employees for enrollment for the following year. If offered, monthly premium rates will not exceed the contribution rate schedule for the PPO plan.
 - e. Annual deductibles will be credited toward stop loss provisions in the PPO and Comprehensive Medical Expense Plan
 - f. Participants may elect to waive participation in any medical plan, provided they supply proof of alternate coverage. If a participant *changes status* during the year, the Company must be notified immediately and the participant will be enrolled in the PPO for the remainder of that plan year.
 - g. The surviving spouse and dependents of an active employee who dies due to an on-the-job related incident will have continued coverage for four years. The surviving spouse and dependents of an active employee who dies (not related to an on-the-job related incident) will have continued coverage for one year, followed by eighteen months of COBRA coverage. Surviving spouse coverage will immediately cease upon remarriage.
16. Medical Benefits for Active Employees Retiring During This Agreement:
- a. This benefit applies only to active employees who retire between October 1, 2002 and September 30, 2009. Provided, however, employees hired after June 13, 2003, must have twenty (20) years of service to qualify for retiree medical benefits. There is no coverage for *deferred vested pensioners*. Coverage includes the retiree's spouse and those listed dependents as of the date of retirement. Coverage will also include a future spouse or surviving spouse, *but no new dependent children (or other dependents)* will be included.

Surviving spouse coverage will immediately cease upon remarriage.

- b. Individuals will be eligible to participate in the same medical benefit plans as active employees and at the same premium rates. At age 65, the retiree, spouse or surviving spouse will have their monthly contribution reduced to 50% of the active employee rates unless otherwise agreed. At the expiration of this collective bargaining agreement, retiree participation in the active employee medical plan will end and the Company will have no obligation to provide retiree medical benefits to such retirees, spouse, or surviving spouse past the term of the contract. Such retirees, spouse, or surviving spouse will have the opportunity to have medical benefit coverage through a VEBA after expiration of the contract, as described in this agreement.
- c. The Company will continue retiree, spouse / surviving spouse coverage through September 30, 2009, at which point the VEBA will assume complete responsibility to continue retiree, spouse / surviving spouse coverage through December 31, 2009. The Company will direct any retiree contributions to the VEBA for this period.
- d. Employees who as of the date of this agreement are fully vested in the KUCC Pension Plan for Hourly Employees and entitled to receive a full pension benefit (i.e., they have been employed for five (5) or more years of credited service) will be eligible to participate in the retiree health and welfare plan or any similar plan at the time of retirement.

17. Establishment Of A VEBA To Fund Retiree Medical Benefits:

- a. This VEBA is established to provide retiree medical benefits after the contract expires for the employees who retire during the term of this agreement and their dependents. Unless otherwise agreed, the Company will have no obligation to provide Retiree Medical Benefits to such retirees past the term of the contract. The Company agrees that the amount of the VEBA contributions by the Company will be a proper subject for bargaining in the contract renewal negotiations and the Company will not assert a legal prohibition on the matter. This VEBA does not apply to retirees who left employment before 9-30-02.
- b. The Company and Union will establish a dedicated and irrevocable VEBA trust with joint administration within 12 calendar months. Three Union representatives and three Company representatives will serve as trustees and will meet

semi-annually. The following duties will be included in the trust document:

- Review financial performance of the VEBA
 - Establish investment strategies
 - Authorize fund disbursements
 - Establish eligibility and premium collection rules
 - Establish medical plans for participants
 - File government required reports
- c. The funding arrangements include a contribution of all assets from the T.B.P. Fund following IRS approval. Additionally, KUC will make quarterly contributions based on all hours worked through the expiration of the contract. Contributions will begin for the second calendar quarter of 2004 and continue through the contract expiration date at the rate of thirty cents (\$0.30) per hour for all hours worked by bargaining unit employees. Such contributions shall be held in escrow until the trust is established.
- d. Employees who retired on or after October 1, 2002, and prior to February 1, 2004, shall receive a payment of the gross sum of Six Thousand and No/100 dollars (\$6,000.00) payment shall be made at time of retirement, but not earlier than sixty (60) days following the ratification of the Collective Bargaining Agreement.

Wage Rate Schedule
Attachment A

<u>Scheduled Increase Dates</u>	<u>Advanced</u>	<u>A</u>	<u>B</u>	<u>C</u>
9/30/2002	\$ 20.96	\$ 19.81	\$ 18.62	\$ 17.57
Settlement – (1st pay period after settlement)	\$ 21.95	\$ 20.65	\$ 19.45	\$ 18.35
1st Anniversary of Settlement	\$ 22.25	\$ 20.95	\$ 19.75	\$ 18.65
2nd Anniversary of Settlement	\$ 22.60	\$ 21.25	\$ 20.05	\$ 18.95
3rd Anniversary of Settlement	\$ 22.95	\$ 21.60	\$ 20.35	\$ 19.20
4th Anniversary of Settlement	\$ 23.40	\$ 22.05	\$ 20.75	\$ 19.50
5th Anniversary of Settlement Expiration at 9-30-09	\$ 23.90	\$ 22.55	\$ 21.25	\$ 20.00

**Wage Rate Schedule
Attachment A**

<u>Scheduled Increase Dates</u>	<u>Sr. Tech</u>	<u>Technician</u>	<u>Clerk</u>	<u>Utility</u>
9/30/2002	\$ 19.81	\$ 16.56	\$ 16.56	\$ 12.76
	\$ 20.96	\$ 18.62	\$ *19.81	\$ 13.31
Settlement – (1st pay period after settlement)	\$ 20.96	\$ 19.30	\$ 18.05	\$ 13.70
1st Anniversary of Settlement	\$ 21.05	\$ 19.45	\$ 18.30	\$ 13.85
2nd Anniversary of Settlement	\$ 21.30	\$ 19.60	\$ 18.55	\$ 14.00
3rd Anniversary of Settlement	\$ 21.45	\$ 19.70	\$ 18.70	\$ 14.10
4th Anniversary of Settlement	\$ 21.65	\$ 19.90	\$ 18.80	\$ 14.25
5th Anniversary of Settlement Expiration at 9-30-09	\$ 22.00	\$ 20.10	\$ 18.90	\$ 14.40

***Red circled until rate exceeded**

May 14, 2003

Terry Bonds, Chairman Kennecott
Coordinated Bargaining Committee and
Director, District 12, USWA
3150 Carlisle Blvd., N.E., Suite 212
Albuquerque, NM 87110

Re: Incentive Plans

Dear Terry,

Kennecott Utah Copper Corporation will continue the practice of presenting any incentive plan proposal to the Union in advance of implementing any plan. The Company will listen to any suggestions from the Union about changes to the plan. The plan design and the decision of whether to implement the plan will remain a decision of the Company. The Company may terminate any incentive plan at any time with advance written notice to the Union. Any incentive earned to the date of plan termination will be paid. The Company will solely be responsible for administering the plan at its cost and interpreting plan provisions.

Sincerely,

Chris Crowl

Letter of Understanding - Training Related to Changes in Job Duties

The Company and Union are committed to the importance and role of employee training and development through on the job training, apprenticeship training, special safety skill training and employee self-improvement through use of the Company's Tuition Aid Policy. Employees need to be trained in the many aspects of the jobs created and to which they may be assigned. The training at a minimum will include familiarization with the jobs/position assigned or required to perform, task training, safety procedure, practice and policy in the job/position and area, and a reasonable training period on the job/position assigned. Such training will be provided as needed on an ongoing basis. The parties recognize that it may take up to four years to accomplish this training. No employee will be assigned in an arbitrary or capricious manner nor to a job/position without the minimum training as provided herein. In the event the Company believes an employee is having difficulty adjusting to a job/position in the job/pay level, the Company will discuss the matter with the Union and the employee and make every effort to resolve the matter. It is agreed that specific training needs can best be addressed at the local level.

/s/ _____
Carl N. Morris

/s/ _____
Kim A. Moulton

Memorandum of Agreement and Addendum to the Drug and Alcohol Abuse Policy

The Memorandum of Agreement (Drug and Alcohol Abuse Policy) dated December 28, 1994, as amended September, 2002, is hereby further amended and effective October 1, 2002, to include the following testing procedure and shall be implemented on the effective date.

The Company and Union recognize that alcoholism and drug abuse are treatable illnesses. Therefore, without detracting from the existing rights and obligations of the parties, the Company and Union agree to cooperate in encouraging employees affected with alcoholism and drug abuse issues to undergo a coordinated program directed to the objective of rehabilitation.

The Company and the Union shall cooperate in implementation of a random alcohol and drug-testing program, in addition to current testing which may test up to fifty percent (50%) the first calendar year, declining ten percent (10%) each calendar year thereafter to a minimum of ten percent (10%) of the employee base during any calendar year. The testing process under the existing program as modified herein will be used for testing and retest. Any employee testing positive under the random selection process or under other provisions of the December 28, 1994 Memorandum, as amended, will be referred to the EAP and placed on a Second Chance Agreement for a two (2) year period. Such employee will be subject to random testing at any time during the term of the Second Chance Agreement and will be subject to termination for any positive test result during the two (2) year period and his/her termination will not be entitled to processing under the arbitration procedures of the Collective Bargaining Agreement. An employee placed on a Second Chance Agreement may be subject to discipline, including discharge consistent with the terms of the collective bargaining agreement. Any employee, who refuses to participate in a random alcohol or drug test, will be terminated. In the event an hourly employee questions the Company's right to random test for drug or alcohol or initially refuses, a union representative will be called to advise him of the consequences of his/her refusal which is termination. Similarly, any employee, where it is shown by conclusive scientific tests to have engaged in any action to alter, including dilution, adulterate, substitute or otherwise tamper with their alcohol or drug test specimen will be discharged.

The method for selecting employees on a random basis will be conducted via a certified computer system which includes all employees' payroll numbers.

A designated local union representative will be present during the random selection process to verify the integrity of the selection process on behalf of all hourly represented employees.

/s/Chris Crowl
For the Company
Date: 9-25-02

/s/Carl N. Morris
For the Union
Date: 9-26-02

**Letter of Understanding – Psychological Testing -
September 16, 2002**

In the event the Company has reason to suspect an employee exhibits a psychological disorder that may interfere with his/her ability to perform work, a fitness for duty evaluation will be requested by the Company. The employee will be asked to select a psychiatrist from a list to be provided by the Employee Assistance Program (EAP) to the employee. The employee will advise the Company's medical department of the psychiatrist selected and a copy of this Letter of Understanding will be submitted to the selected psychiatrist.

If the employee requests representation by the Union, it will be arranged before the evaluation continues. Such matter will be held in strict confidence by the Company and the Union. The Company will provide the evaluating psychiatrist with the job description, attendance record and behavior discipline record only in its possession to determine the employee's fitness for duty. At the completion of the evaluation, the Company may only request from the evaluating psychiatrist a report indicating whether the employee is fit for present duties and/or what limitation(s) the employee may have in performing any work. The psychiatrist will be advised of this reporting limitation before the evaluation.

The full cost of such evaluation, which will include the fees for the psychiatrist and any other evaluation fees, will be paid by the Company.

In the event the employee is found not fit for duty prior to or following the evaluation, such finding will establish eligibility for Short Term Accident and Sickness Benefits as defined in the Health and Welfare Plan. If the employee is found to be permanently and totally disabled and is otherwise qualified as defined under the established Pension Plan for Hourly Employees, he will be entitled to benefits defined in such plan.

/s/ _____
For the Company
Kim A. Moulton
Kennecott Utah Copper Corp.

/s/ _____
For the Union
Terry L. Bonds, Chairman
Kennecott Bargaining Committee

MEMORANDUM OF UNDERSTANDING

The company and the Union agree that, no later than July 1, 2006, the parties will engage in good faith negotiations concerning improvements to the pension plan for hourly employees. In the event the parties don't reach agreement at that time, there shall be no strike, work stoppage, slowdown, or other interruption of work and there shall be no lockout. Rather, the matter will remain an open issue throughout the life of the Agreement, subject to negotiation at the expiration of the Agreement with any agreed upon improvements being retroactive to July 1, 2006, for all employees including those who retire between July 1, 2006 and the expiration of the Agreement.

/s/Chris Crowl
For the Company

/s/Terry L. Bonds
For the Union

Date 06/13/03