

AGREEMENT

BETWEEN

ALCOA PACKAGING MACHINERY

AND

DISTRICT LODGE NUMBER 86

INTERNATIONAL ASSOCIATION OF

MACHINIST AND AEROSPACE
WORKERS, AFL-CIO

TERM OF AGREEMENT

FROM

JUNE 1, 1996

TO

MAY 31, 2001

©

Revised 01/01/98

Security Agreement Attachment

THIS AGREEMENT made and entered into by and between ALCOA PACKAGING MACHINERY, 6949,S. Potomac, Englewood, Colorado, hereinafter referred to as the "Company", and DISTRICT LODGE NO. 86, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO, hereinafter referred to as the "Union", is a complete agreement between the parties.

PREAMBLE

The Parties recognize the journey to an empowered workforce is a journey. Self-Managed, High Performance Work Cells and Organizations are not easily maintained and will fluctuate between different states due to changes in people, processes, products, customer demands. We envision this fluctuation will occur within A. P. M. I. from traditional work groups (not fully matured) to totally self-directed work cells (matured).It is the commitment of the Parties to provide or retract the necessary support, cells may need to allow them to continue their journey, towards a self-directed, high performance work group. We acknowledge different cells may accept the responsibilities and accountabilities associated with self-directed, high performance teams and progress/regress quicker than other cells. Mature cells will understand the customer's needs and have the flexibility to satisfy those needs. In satisfying the customer needs, these mature cells will, among other things, be able to schedule their own starting times, overtime, manage capacity, budgets, headcount, and embrace the shared decision making process as outlined in the Vital Functions. Teams, not fully matured will need Manufacturing Support and other assistance to meet the needs of the customers.

PHILOSOPHY STATEMENT

We believe everyone wants to be part of an organization where people are empowered to be successful, are responsible for their actions and share in the rewards of being the best. By creating an atmosphere of trust and respect, through education and training, open communications, commitment, and problem solving, we will achieve our goal of maximum efficiency and job preservation to the benefit of all.

We agree that employee participation and empowerment are the foundations of a true partnership and the future of our organization. Individual involvement, teaming, and shared leadership, produce participation and empowerment. This, in turn, removes barriers to productivity, improves quality, reduces cost, and increases the quality of work life.

OUR GUIDING PRINCIPLES

1. We are committed to creating a High Performance Work Organization.
2. We are committed to partnering. Partnering is not by exception, it is the rule.
3. We will operate with mutual respect and trust. There will be no surprises.
4. We will work from the same starting point by openly sharing information.
5. Willingness to work through issues with the purpose of reaching agreement. Agreement will be honored once reached even when "times are tough."
6. We will dedicate the time necessary to make this process work.
7. We will base our decisions on the well being of all employees.
8. We agree to settle all disputes with a win-win attitude by demonstrating and building behaviors of mutual respect, cooperation, teamwork, trust, and honesty: not a win at any cost mentality.
9. We are committed to providing the highest quality products and services for our customer.
10. We are committed to becoming the most productive provider of goods and services to our customers.
11. We are committed to provide the highest value for our products and services to our customers.
12. We are committed to identifying and enhancing all forms of value and identifying and eliminating waste.

13. We are committed to our visions and values.

PARTNERSHIP AGREEMENT

Alcoa Packaging Machinery (A. P. M.) and the International Association of Machinist & Aerospace Workers (IAM) have committed to jointly develop a mutually beneficial partnership. This partnership will effectively accomplish the goals of A. P. M. stakeholders: employees, customers, shareholders, union, suppliers, and the communities in which we function. We believe this partnership will foster the creation of philosophies and policies for workplace change. This change is fundamental in creating significant competitive advantages when compared to work standards.

The partnership is based on a commitment to create a new era in labor-management relations. The key goals of the partnership are to improve quality, productivity, safety and the financial performance of the company. By achieving these goals we will enhance earning opportunities, security, job satisfaction, and participation for all employees.

The parties recognize that achieving this partnership will involve people, to a far greater extent than in the past, in all parts of the organization in the information exchange, problem solving, and decision-making process. The IAM and A. P. M. recognize their collective responsibility to gain commitment from all employees, hourly and salaried, to contribute to the success of the Company and the establishment of a positive work environment which is beneficial to all.

We will develop, through shared decision-making, work processes and practices that will focus on providing products and services, including administrative support, that meet or exceed the needs of our customers. This approach will enable continuous improvement by maximizing the contribution of skills, knowledge, and shared information. Through this ongoing effort and commitment, people will seek out, learn, and apply competence in diverse disciplines. This partnership will help us change together and make this change a benefit in accomplishing our shared goals and objectives. We believe this will lead us to secure our employees' and members' future through increased market share, expanded workforces, better educated and trained workforces, increased profitability, overall return for our shareholders, continued enhancement of wages and benefits, and increased employment security for all employees.

This partnership we establish will allow us to create and realize our vision for future work life

and a strong IAM Company.

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VITAL FUNCTIONS AND SHARED DECISION MAKING

In developing a new era of Labor-Management relations the sharing in decisions

affecting Vital Functions of the workplace and the business will evolve. The "Levels of shared decision making are assigned as follows:

1. Unilateral

1. Unilateral with prior input

- 1. Joint consensus** (defined as my input was heard and valued; this is the best decision the group can make; and I can live with and support the decision.)

The following is a list of Vital Functions that have been identified as necessary to run the Company and which the parties believe should be part of the decision making process.

1. Communication/Information Sharing:

We agree to establish a communication process which facilitates the flow of information throughout the organization. The established communication process will support a participative, empowered workforce that actively takes part in the business. The communication process will influence the attainment of all A. P. M. visions and values

This is currently a level 2, goal is a level 3 as soon as possible .

2. Quality:

Quality is defined by our customers*. A quality product has three elements, it is: 1) on target, 2) consistent, and 3) meets or exceeds customers needs. We agree that quality is everyone's responsibility. Everyone is accountable for a quality output, and communicating feedback to their suppliers* about quality. We will relentlessly pursue continuous improvement and innovation in everything we do to create significant competitive advantage compared to world standards.

*customer and suppliers refers to both internal and external

This is currently a level 1 to 2 decision, goal is to be a level 3. (outputs should be held to the highest customer expectations.)

3. Training, Education, and Development:

We have the responsibility to ensure education and training opportunities are accessible, and appropriate for all A. P. M. employees to improve the performance of individuals and groups within the company. This training may be formal or informal.

It is recognized that an individual's decision for outside training is a 1 or 2 level decision and will remain so. Company sponsored training is currently a level 1 decision. It should be a level 2 with an ultimate goal of a level 3. Company approval is currently a level 1 decision. It should be a level 2 with an ultimate goal of level 3.

4. Employee Health and Safety:

We agree that prevention of incidents, illnesses, and injuries and compliance to environmental laws are not options but are our way of life.

Communicating requirements for compliance to laws, and regulations is a level 1 decision. It is understood that compliance with regulations and laws is a level 1 decision from the regulatory body and will remain so. Development of processes or procedures is a level 2 decision with a goal of reaching a level 3. Implementation, communication, and education should be a level 2 with a goal of a level 3 decision.

5. Means/Methods/Manner of Production:

We agree that there is a need to determine the most efficient manner, method or means by which to produce products and services. Partners agree to work as teams and individuals to eliminate waste and continuously improve our processes. Product, process, and service improvement will increase quality and customer satisfaction, while managing cost and cycle time. All employees are expected to participate in continuous improvements.

Depending on the situation and complexity of the issue being addressed, the goal is to be a level 1 to 3 measured by cost, quality, safety and cycle time. Input is encouraged on all decisions.

6. New and Existing Products, Process, and Service Development:

We agree it is necessary to develop new products, processes and services that provide a greater competitive advantage to meet or exceed customer needs. These products, processes and services will add value by serving market needs and providing new revenue streams for the organization.

The parties agree and understand new product selection, and development, as well as improvements to existing products, processes, and services are complex and risk inherent propositions that at times may need to be confidential. Currently, new product selection is a level 1 decision, development of new products is a 1 to 2 decision, improvements to existing products in a 1 to 2 decision, and services selected and resources required is a level 1 decision. When and where appropriate, for Alcoa Packaging Machinery, these Vital Functions are likely to remain at a level 1-2 with a goal of level 2.

7. Production Scheduling:

We agree that it is in the best interest of the company to determine production schedules that meet or exceed customer expectations on deliver dates.

It was recognized that orders that originate with customers are a level 1 to 2 decision and are likely to remain so. The ideal production schedule is systematically driven. Individual departments capacity is currently a level 1 to 2 decision. The goal is to become a level 3 decision.

Staffing:

We agree that it is in the best interest of the organization to determine and participate in short and long term staffing level decisions, up or down, for positions and departments as the need arises.

Staffing levels are now a level 1 to 2 decision. The goal is to become a level 2 to 3 decision.

9. Strategic and Tactical Plans:

We agree it is in the best interest of the organization to establish strategic and tactical plans. These plans will grow the company and increase employee value, as well as, standard of living. At the same time such plans will increase value to the customer, stakeholders, the community and stockholders. Strategic plans outline where A. P. M., is headed. Tactical plans will coordinate the paths A. P. M. will take, and will measure the distance and rate at which it will move.

Strategic plan decisions are now a level 1, and will more likely than not remain that way for some time to come. It is possible, however that they could become a level 1 to 2 at some time in the future. Tactical plans are now a level 1 with a goal of becoming a level 1 to 2 decision.

10. Design/Location of Facility:

We agree that there is a need to jointly establish space, equipment, layout, and location requirements that improve productivity and safety while reducing cost.

Major up grades are now a level 1 with a goal of level 2. Equipment and work area layouts are now a level 1 to 3 with a goal of becoming a level 2 to 3.

11. Subcontracting:

We agree that there is a need for subcontracting. Subcontracting should be used to enhance, not penalize, the stakeholders. It is also used as a stop-gap or safety valve to manage capacity. Award of subcontracts will be based on quality, on time delivery, and value. At any time we can meet these requirements, work can be brought back in house.

The decision to subcontract work out, is now a level 1 to 3 with a goal of a 2 to 3. Who gets the work is now a level 1 to 2. The goal is to make this a data based decision supported by level 3 decision making.

12. Financial Plan/Budgets/Capital Expenditures:

We agree financial and other information must be shared and understood by all employees. The purpose of sharing financial and other information is to create employees' desire and actions to positively impact the business.

Currently, decisions made and actions that occur are a type 1-2. Future decisions and actions will be type 2-3 once all employees have a thorough understanding of financial and non-financial information.

ARTICLE 3 - TEAMING AND FLEXIBILITY

PARAGRAPH 1 - During the life of this agreement it is recognized that many unanticipated issues will surface. In keeping with the philosophy of shared decision making, joint teams may be formed to address these unanticipated issues. Joint teams will be commissioned by the H. P. W. O. 's Strategic Design Team. The Strategic Design Team will be composed of 50% bargaining unit employees and 50% non-bargaining unit employees. Joint teams will make recommendations, based on consensus, back to the Strategic Design Team. The Strategic Design Team will provide the reasonable and necessary resources to allow the team to successfully realize their mission. Teams will abide by the Collective Bargaining Agreement in the way in which they function.

PARAGRAPH 2 - The Union and Company agree that all mandatory subjects of bargaining are the exclusive right of the I.A.M.A.W., District 86, Local Lodge 47. Management cannot bypass the Collective Bargaining Agreement by unilaterally implementing changes in subjects of bargaining.

PARAGRAPH 3 - Joint teams understand they cannot address mandatory subjects of bargaining unless approved by the H.. P. W. O. 's High Level Steering Committee.

ARTICLE 7 - WORK JURISDICTION

PARAGRAPH 1 - Salaried employees shall not have the right to perform work normally performed by employees in the Bargaining Unit except:

- a) to teach, train and instruct employees in the performance of their job function.
- b) in cases of emergency whereby the situation involves plant security, employees safety or production problems are encountered and qualified Bargaining unit personnel are not reasonably available, but not precluding call-in where necessary.
- c) when productivity improvements in manufacturing, assembly, field service, engineering, or other areas of the business are enhanced, or when individual training opportunities exist, providing no bargaining unit employee is replaced and the Union Representative approves of the assignment.

PARAGRAPH 2 - Bargaining unit employees may perform work not typically performed by union employees when productivity improvements in field service, engineering, accounting, manufacturing, assembly, or other areas of the business are enhanced, or when individual training opportunities exist, and the Union Representative approves of such assignments. It is understood that the work performed by an employee in these assignments in no way establishes the exclusive jurisdiction of such work in the future within the bargaining unit or between bargaining unit and non-bargaining unit employees.

ARTICLE 10 - PROBLEM SOLVING GUIDELINES

PARAGRAPH 1 - Through shared decision making, the Partners must have flexibility to develop with the future. Teams can be formed to solve problem issues with the best mutual interest of the Partners in mind. This alternative option is available to employees and does not preclude employees from the grievance process. The time limits identified in the Grievance and Arbitration Procedure will not begin until such time as the joint problem solving team makes its final recommendations or if the employee electing this option decides to take the problem outside of this alternative problem solving process. **PARAGRAPH 2** - Affected individuals within the company, will have access to information unless that information is personal and confidential in nature. Any information that is identified as personal or confidential will be held in confidence by the team solving the issue. **PARAGRAPH 3** - The joint team will communicate final results to affected parties in a timely manner. **PARAGRAPH 4** - The Partners recognize the need for the problem solving team members to be trained in team building, problem solving, communication, conflict resolution, etc. **PARAGRAPH 5** - Joint teams must set time limits based on the mission for problem solving and for communication back to affected parties and sponsors.

ARTICLE 12 - TEMPORARY EMPLOYEES

PARAGRAPH 1 - The Union and the Company agree that the use of temporary employees may be necessary during the life of this agreement for the purpose of addressing quick production needs and to avoid unnecessary hiring and layoffs of permanent full time employees. The intent to use temporary employees is to be able to quickly fill a position without preventing training and earning opportunities for current employees. The use of temporary employees is not intended to replace the hiring of full time employees. Accordingly, the Company will not utilize the temporary and probationary clauses of this agreement to extend the time frame of temporary employees.

PARAGRAPH 2 - Temporary employees may be employed for up to four (4) months unless extended for longer periods of time as mutually agreed to by the Chief Union Steward and the Manufacturing Manager. Temporary employees will not be employed during periods when regular bargaining employees are on lay off. Temporary employees will pay monthly union dues. Temporary employees are not considered probationary employees. If a temporary employee is offered a full time

position within the Company, they would then become a probationary employee. In that case, the probationary period would commence when the offer is accepted.

PARAGRAPH 3 - Either party may end an individual's temporary assignment with a maximum of one (1) week notice to the other party.

PARAGRAPH 4 - The parties envision the need and agree to work toward a "pool" of temporary employees during the life of this agreement. This "pool" of temporaries may be drawn from union halls, retirees, school co-ops, Randolph, other IAM shops, temporary agencies, etc.

ARTICLE 15 - PERFORMANCE MANAGEMENT

PARAGRAPH 1 - The Partners agree a well designed and accepted Performance Management system will drive improved employee and team performance, and will address individual and team developmental needs. Therefore, the Partners agree to implement a Performance Management system as soon as possible, that will incorporate peer (cell) review, self evaluation, and Manufacturing Support appraisal as well as overall cell performance to expectations. The Performance Management system will be used to develop employees, identify individual and cell strengths and areas of opportunities, and improve the management of individual and team performance.

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ARTICLE 17 - HOURS OF WORK

PARAGRAPH 1 - The regularly scheduled workday shall be eight (8) consecutive hours of work, exclusive of a thirty (30) minute unpaid lunch period, and the regularly scheduled workweek will consist of forty (40) hours of work composed of five (5) consecutive workdays, Monday through Friday.

PARAGRAPH 2 - The above described workday and workweek shall only define the normal hours of work and shall not be construed as a guarantee nor limitations of hours of work per day or per week.

PARAGRAPH 3 - The Partners agree, each cell, including the Manufacturing Support individual, should be responsible and accountable for establishing their starting and ending times. The parties agree cell members should have as much flexibility as possible in establishing these times provided cell members ensure the efficient hand-off of information between shifts and ensure coverage within the cell during core hours of 6:30 AM and 10:00 PM. Cells are responsible and accountable for meeting commitments, assignments, and attending scheduled meetings.

When all cells plant wide are scheduled to work an eight (8) hour shift starting times will be as follows:

1st shift - 6:30 a.m.

2nd shift - 3:00 p.m.

3rd shift - 10:00 p.m (**except the starting time for Monday's shift will be 11:00 p.m. Sunday.**)

b.) When more than eight (8) hours are scheduled in any cell 1st shift will end between 3:00 - 4:00 PM. When a cell is only working an eight (8) hour shift and the plant is open for more than eight (8) hours, the cell start time for 1st shift will be between 5:30 - 7:30 AM as mutually agreed to by the cell members including the Manufacturing Support cell member.

c.) When more than eight (8) hours are scheduled in any cell, 2nd shift will start between 3:00 and 4:00 PM, as mutually agreed to by the cell members including the Manufacturing Support cell member.

d.) Start times and end times outside those specified above due to vacations, leave of absences, training, open machines or positions within the cell, will be monitored and maintained within the cell and be consistent with the overtime provisions as outlined in Article 19.

In those cases where cells or individual(s) are not yet ready for scheduling their hours of work under the above boundaries, the Company reserves the right to schedule the employee(s) starting time within the above limits.

PARAGRAPH 4 -

a.) Overtime will not be paid for hours worked before or after the above listed times unless qualified under Article 19. The Company may make changes in the starting time of the shifts within the limits specified provided the employees are notified of such change one (1) week in advance.

b.) Changes outside of the time specified above, or waiver of the advance notice may be made by mutual agreement between the parties.

c.) The Company shall reserve the right to assign employees to a specified lunch period within the above periods to enable production machines to run continuously. Lunch periods shall be scheduled prior to and no later than the sixth (6th) hour of work.

ARTICLE 32 - TERM OF AGREEMENT

PARAGRAPH 1 - This Agreement, effective the 1st day of June, 1996, shall

continue in full force and effect until 11:59 p.m., May 31, 2001, and shall be thereafter automatically renewed for yearly periods unless notice of termination is given in writing by registered or certified mail by either the Company or the Union sixty (60) to ninety (90) days prior to the expiration date of the Agreement.

PARAGRAPH 2 - Changes in the Agreement shall be limited to those outlined in writing and all provisions of the Agreement not specifically set forth in the written notice shall be regarded as automatically renewed. ***

IN WITNESS WHEREOF, the parties here to have signed this Agreement the 5th day of November , 1996.

International Association of

Machinists and Aerospace Workers, AFL-CIO

Alcoa Packaging Machinery . . District Lodge Number 86

Cardell J. Webster Ray Rivera

Mark Howard Garry Harper

Craig Belnap Rich Brockhaus

Dave Schneider Dave Kern

Abe Jiron

CONTRACT WARRANTY

The above Journeyman rates for the corresponding trades will take effect on January 1, 1997, or as soon as the Apprenticeship program is put in place, and will continue to take effect each January 1st as long as this agreement remains in place, and as long as the "Contract Warranty" is met. If the Apprenticeship program is delayed past January 1, 1997, employees will receive 1/12 of 3% of their gross income, less incentive compensation, of the previous year. The "Contract Warranty" does not apply until such program is in place.

The "Contract Warranty" is the following measure: Sales +/- (Inventory Change/Cost of Goods Sold %) divided by Factory Costs + Factory Wages + Outside Purchases for Resale. The baseline resultant will be determined by a team of two (2) Union Members and two (2) Non-union, salaried persons before January 1, 1997. The resulting factor will be the "1996 factor" and will be used for the term

of the Agreement.

The Union has the right to submit the formula for the "Contract Warranty" to the I.A.M.A.W. financial department, or any other outside consultant of their choice to determine the feasibility of said formula. Should such formula prove to be inadequate it will be revisited until it meets all parties concerns.

If the "Contract Warranty" is not attained on December 31 of any year after 1996, the Journeyman hourly wage increases will not occur. If the "Warranty" is not attained, the measurement will be checked again on June 30 of the following year, and if met, the Journeyman wage increases will take place. If when retested, the "Warranty" is not attained, the next scheduled Journeyman increase will become effective when the "Contract Warranty" is met.

The "Contract Warranty" will become an H.P.W.O. Measurement and will be reported monthly.

All active employees on the payroll as of June, 1, 1996, will receive a one time lump-sum payment of \$600.00 on July 1, 1996. Employees not actively at work will receive 1/6 of \$600.00 for each month worked between June 1, and December 31, 1996.

The partners agree to establish an Apprenticeship program for all employees by January 1, 1997.

Employees will receive a 3% increase in their base hourly wage on January 1, 1997 if they join the Apprenticeship program.

Employees who continue to make satisfactory progress in the Apprenticeship program will also receive 3% increases in their base hourly wage on January 1, 1998 and January 1, 1999 unless their Apprentice/Journey is higher than their Apprentice/Journey rate.

Employees who do not enter the Apprenticeship program will receive a \$.20 increase in their base hourly wage on January 1, 1997, January 1, 1998, January 1, 1999, and a \$.10 increase in their base hourly wage on January 1, 2000.

Employees who are not making satisfactory progress in the Apprenticeship program will have their rates of pay frozen, or at a different wage if mutually agreed to by the Partners. At the point progress toward Journey status ends, Management has the right to position the employee after input from the Union Representative.

The Apprenticeship program does not negate the Company's right to manage the workforce including the right to discipline, discharge, demote, or council employees for not meeting performance expectations.

During the term of this agreement, the Parties agree to explore an "All Salaried" concept for employees in the bargaining unit.

- The full time Union Representative will be responsible for maintaining records, such as overtime records, HPWO measures, Warranty, and other measures.
- The full time Union Representative will drive the HPWO, Vital Functions, Guiding Principles, Philosophy Statement and Partnership.
- The full time Union Representative will help promote and drive the introduction, acceptance, and achievement of new manufacturing technology, such as running machines unattended, employees running multiple machines, 6 S's, TPM, continuous improvement, through-put, process documentation and improvement.
- The full time Union Representative may provide direct or indirect labor support as the work load for the shop and/or the position dictates.
- Must spend 3 days in every functional area of the Company to get an understanding of the business.
- Yearly expectations will be agreed upon by the Business Planning Team. A yearly 360 degree performance appraisal will be conducted.
- Salary for the position will be \$38,000. This position will also receive \$8 hour for all approved hours worked in excess of 45 hours per week. Salary increases will be based on the salaried plan.

This position will replace the Chief Steward position but not the Union Stewards. In the event the full time Union Representative position is vacant, the Union and Company will recognize a Chief Union Steward as per Article 7 Paragraph 1.