



**CARLTON CREEK**  
I R O N W O R K S

April 13, 2009

**RECEIVED**

Ms. Deborah Hennessey, Director  
Workforce Transition Unit  
Michigan Dept. of Career Development  
Workforce Programs  
Victor Office Center – 5<sup>th</sup> Floor  
201 North Washington Square  
Lansing, Michigan 48913

APR 13 2009

RAPID RESPONSE  
WORKFORCE PROGRAMS

RE: Conditional Notice of Mass Layoff Pursuant to the Worker Adjustment and Retraining Notification Act of 1988 ("WARN")

Dear Ms. Hennessey,

This conditional notice is being given to you under the Worker Adjustment and Retraining Notification Act of 1988 ("WARN").

As you may be aware, Carlton Creek Ironworks has been in business in Rothbury, Michigan for over 40 years. Like many employers, Carlton Creek has struggled with the current economic conditions. As a result of a downturn in orders, the Company began temporarily laying off employees in the Fall of 2008 from its plant at 2625 W. Winston Road, Rothbury, Michigan and its corporate office at 801 W. Norton Ave., Muskegon, Michigan. These employees were laid off with an expectation that they would be recalled within a few weeks or months.

Despite significant effort on the Company's part to generate new business and restructure its existing orders to maintain production and headcount, the layoffs continued into January of this year. In January Carlton Creek pulled forward all customer releases scheduled for delivery in February and early March, producing them in January. Our plan was to complete that production, shut down the plant and lay off employees for three weeks in February (to conserve cash), ship product out of finished goods inventory (to satisfy customer demand), and allow new customer releases to be scheduled. Consistent with this plan, in February of this year, we laid off all but 16 of our approximately 228 employees. As with the earlier layoffs, the February layoffs were done with the expectation that they were temporary and employees would be returned to work beginning in March as orders came due for production. Unfortunately, several significant orders were then unexpectedly and indefinitely delayed or cancelled, and we were unable to bring in enough new business to viably operate the plant. For example:

2625 W. Winston Road  
Rothbury, MI 49452  
Phone (231) 893-1415  
Fax (231) 894-3700

[www.carlton-creek.com](http://www.carlton-creek.com)

- On February 17<sup>th</sup> a counterweight customer rescheduled \$300K in castings from February and March to April and May deliveries (30 to 60 days out).
- On February 24<sup>th</sup> this same counterweight customer pushed out delivery on \$47K of castings, from March and April to May and June deliveries (30 to 60 days out).
- On March 3<sup>rd</sup> a major crane customer placed \$806K in castings on hold, then rescheduled delivery for June.
- On March 5<sup>th</sup> the same crane customer canceled \$704K in orders originally scheduled for delivery in July.
- Also on March 5<sup>th</sup> a counterweight customer rescheduled \$98K in orders from April and May to May and June delivery dates (30 to 60 days out).
- On March 9<sup>th</sup> a crane customer rescheduled \$125K in orders from June to a July delivery.
- On March 9<sup>th</sup> and 10<sup>th</sup> a machine tool customer reduced future orders by \$ 1.28MM.
- On March 13<sup>th</sup> a counterweight customer rescheduled \$ 127K in orders from March to June and July delivery dates.

During the last two weeks of March, we had numerous conversations with customers asking for verification of order quantities and delivery dates. We also inquired whether customers with multiple suppliers could transfer volume from other suppliers to Carlton Creek Ironworks. In addition we attempted to get our customers to pull orders forward into the 2<sup>nd</sup> quarter for production. Based on the information we obtained, we were able to model costing and two possible production schedules. Unfortunately the cost modeling verified that 2<sup>nd</sup> quarter sales are off 75% from 4<sup>th</sup> quarter 2008 and the entire 2<sup>nd</sup> quarter does not have the production volume required to operate the plant.

As a result, the temporary employee layoffs have now been extended. On April 2, 2009, we met with all of our employees and with the union representing our production and maintenance employees to inform them that the layoffs were now indefinite.


Carlton Creek will continue to work to preserve its existing orders and generate new business. If we are successful in putting together a sufficient volume of business, we will re-start our Rothbury facility and recall as many employees as we can. If we are unsuccessful in our efforts, the layoffs will continue and may extend beyond the time frames which constitute an "employment loss" under WARN. Because of the fluidity of our situation and the uncertainties associated with the economy, we are providing you with this conditional WARN notice at this time. We sincerely regret that the unexpected changes in our situation made additional or advance notice impossible.

At present, 207 employees are temporarily laid off without any definite return to work date. We have not closed any Michigan facilities and do not intend to. Attached is a list of job titles of employees affected by this action, the number of affected employees in each job, and a schedule setting forth how the layoffs occurred. Certain affected production and maintenance employees are represented by the Glass, Molders, Pottery, Plastics and Allied Workers International Union and its Local Union 421. Employees have certain bumping rights under the collective bargaining agreement between Carlton Creek and the GMP Union, although the parties have agreed to suspend those rights under the current circumstances.

Carlton Creek sincerely hopes that employees will be recalled before their layoffs would constitute an "employment loss" under WARN. We will continue exploring opportunities with our existing customers, pursuing new customers, and looking for new markets for alternative products that can be processed at the Rothbury facility. If we are successful in this regard, the Company believes it can reduce the number of employees affected by these changes. As noted above, if we are unsuccessful, the duration of the temporary layoffs will be further extended. Regardless of what happens, Carlton Creek will attempt to handle things in an orderly manner and will meet with representatives of the Union to discuss this situation as appropriate and necessary. The names and addresses of the chief elected union officials appear at the end of this Notice.

If you have any questions, please contact me at (231) 894-3722.

Respectfully,



Steve Pallotta  
President and Chief Operating Officer  
Carlton Creek Holdings, LLC

Mr. John P. Ryan  
International President  
GMP International Union  
P.O. Box 607  
608 East Baltimore Pike  
Media, PA 19063-0607

Mr. Bruce Knuppeneurt  
GMP Local 421  
2921 Valk  
Muskegon, MI 49442

Carlton Creek Ironworks  
Lay off Summary  
By Department

<u>Job Title</u>	<u>Number</u>
<b>Lay-off 9/6/08</b>	
Summary:	
Core room	1
Grinding	7
Maintenance	2
Molding	2
Paint	1
Shakeout	1
Quality Technician	1
Supervisor	1
Inventory Control	1
<b>Laid off 9/12/08</b>	
Summary:	
HR Administrator	1
Accounts Payable Admin.	1
<b>Laid off 9/19/08</b>	
Summary:	
Senior Analyst/Programmer	1
<b>Laid off 9/20/08</b>	
Summary:	
Molding	1
<b>Laid Off 9/27/08</b>	
Summary:	
Safety and Loss Manager	1
<b>Laid Off 10/11/08</b>	
Summary:	
Grinding	2
Paint	1
Shakeout	1
<b>Laid Off 10/17/08</b>	
Summary:	
Core room	3
Cupola	1
Drill Room	1
Grinding	7
Molding	5
Paint	1
Quality Technician	2
Supervisor	1
<b>Laid off 10/25/08</b>	
Summary:	
Maintenance	1

## Carlton Creek Ironworks

## Lay off Summary

## By Department

Senior Process Engineer	1
Electrical Engineer	1
HR Director	1

**Laid Off 12/8/08**

## Summary:

Fettle	1
Grinding	1

**Laid off 12/17/08**

## Summary:

Core room	6
Molding	5

**Laid off 12/18/08**

## Summary:

Core room	2
Shakeout	1

**Laid off 12/20/08**

## Summary:

Cupola	4
Drill room	1
Fettle	1
Grinding	9
Maintenance	3
Paint	3
Shakeout	2

**Laid off 1/5/09**

## Summary:

Maintenance	1
Supervisor	1
Casting Engineer	1

**Laid Off 1/9/09**

## Summary:

Core room	1
-----------	---

**Laid off 1/12/09**

## Summary:

Maintenance	1
-------------	---

**LAID OFF 2/6/09**

## Summary:

Core room	10
Cupola	8
Electrical Engineer	1
Environmental Manager	1
IT Manager	1
Custodian	1
Fettle	2

## Carlton Creek Ironworks

## Lay off Summary

## By Department

Maintenance	11
Molding	15
Paint	4
Pattern	6
Sr. Process Engineer	1
Purchasing Administrator	1
Shakeout	1
Manufacturing Manager	1
Supervisor	6
Quality Engineer	1
Quality Systems Analyst	1
Quality Technician	1
Network Administrator	1
Pattern Manager	1
Pattern Technician	1
Sales Engineer	1
Scheduling Administrator	1

**Laid off 2/14/09**

## Summary:

Fettle	2
Grinding	1
Shakeout	2
Sr. A/R & A/P Admin	1
Int'l Logistics Supervisor	1
Lay-out Technician	1
NDT Technician	1
Plant Manager	1
VP International	1

**Laid off 2/18/09**

## Summary:

Drill room	2
Fettle	1
Grinding	11
Maintenance	3

**Laid off 2/21/09**

## Summary:

Paint	1
Lead Product Auditor	1
HR Manager	1
Plant Controller	1
Supervisor	1
Sales Administrator	1
Sales Engineer	1

**Laid off 3/3/09**

## Summary:

Cupola	1
--------	---

**Laid off 3/14/09**

## Summary:

Carlton Creek Ironworks  
Lay off Summary  
By Department

Project manager

1

**Laid off 4/4/09**

Summary:

Sales & Marketing Director

1

**Laid off 4/11/09**

Summary:

Maintenance

1