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Title: **John Morrell & Company and United Food and Commercial Workers Union (UFCW) Local 304A (2003)**

K#: **217**

Employer Name: **John Morrell & Company**

Location: **SD Sioux Falls**

Union: **United Food and Commercial Workers Union (UFCW)**

Local: **304A**

SIC: **2011**

NAICS: **311611**

Sector: **P**

Number of Workers: **2800**

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**AGREEMENT BETWEEN JOHN MORRELL & CO. AND
THE UNITED FOOD AND COMMERCIAL WORKERS UNION-LOCAL 304A**

AGREEMENT

This Agreement is made between John Morrell & Co. (hereinafter "the Company") and the United Food and Commercial Workers Local 304A (hereinafter "the Union"). The purpose of this Agreement is to amend and/or continue the terms of the 1999 P&M Labor Agreement at the Company's facility in Sioux Falls, SD. Any terms of the 1999 Labor Agreement not amended by this Agreement shall continue in effect. All amendments to the 1999 Labor Agreement shall become effective upon ratification unless specifically stated otherwise.

I. RECOGNITION

1. The Company, John Morrell & Co. recognizes the Union as the sole and exclusive bargaining agent for all production and maintenance Employees, but excluding all office clerical Employees, front gate scalers, nurses, buyers, salesmen, professional Employees, quality control, guards (fire watch and police), office janitor(s), and supervisors as defined in the Act.
2. The Company agrees that when the Union is certified or recognized as the collective bargaining representative for any group of employees who are employed at the plant now covered by this Agreement, but who are not now within the bargaining unit at this plant, such group of employees will be brought under this Agreement effective on the date of recognition or certification, subject to such conditions as may be agreed upon through local collective bargaining.

II. PURPOSE OF AGREEMENT

3. It is the intent and purpose of the parties hereto that this Agreement shall promote and improve the industrial and economic relationship between the Company and the Union; establish the means to facilitate peaceful adjustments of all grievances or other disputes that may arise between the Company and the Union; and to set forth herein rates of pay, hours of work, and other conditions of employment to be observed between the parties hereto.
4. It is recognized by both parties that they have a mutual interest and responsibility in maintaining friendly cooperation between the Company and the Union which will permit safe, economical and efficient operation of the plants.
5. Provisions having been made by this Agreement for the peaceful and orderly settlement of any disputes which may arise between the Company and the Union or local Union or any Employee or Employees, it is agreed that during the term of this Agreement there shall be no strike, sympathy strike, stoppage, slowdown, suspension of work or in-plant strategies (unprotected activities) on the part of the Union or any local Union or any Union member or lockout on the part of the Company on account of such disputes.
6. Upon written notification by the International Union that a strike or lockout is in progress at any plant of another employer, the Company agrees that it will not render production assistance to such plant by requiring any Employee covered by this Agreement to handle any work farmed out directly or indirectly by such plant (including killing, cutting, processing, packaging or otherwise performing work on any products for or on behalf of such plant) other than work which the Company has customarily performed for the plant involved in such strike or lockout. If a dispute should arise over this provision, it shall be resolved in the following manner. First, the Local Union President or his/her designee shall discuss the issue with the Director of Human Resources. If the issue remains unresolved, the Union President shall meet with the Plant's General Manager to seek resolution. Should resolution still not be reached, the President of the Union shall address the problem with the Company's Corporate Vice President of Human Resources. If the parties are unable to resolve the dispute within twenty-four (24) hours after the Union President's discussion with the Company's Corporate Vice President of Human Resources, the Company agrees to stop handling the product in question.

(a) This paragraph (6) shall not apply to any work or product transferred by the Company to any facility covered by this Agreement from any of its other facilities or any subsidiary or affiliated company or any transfer of work on products being produced for or on behalf of the Company by any contract operator.

III. UNION SECURITY

7. The parties recognize that the Union is required to represent all of the Employees in the bargaining unit, whether or not they are members of the Union, and that the benefits of this Agreement accrue to all Employees. All present Employees who are members of the Union shall remain members of the Union for the duration of this Agreement, and all present Employees who are not members of the Union and all new Employees shall become members of the Union within 31 days of the date of this Agreement, or the date of employment, whichever is later. Where the provisions for a union shop under this paragraph may not be enforced because of the restrictions imposed by state law, the following shall be applicable, if permitted by state law:

Employees who are not Union members shall, as a condition of employment, beginning on the 30th day following the beginning of such employment or the effective date of this Agreement, whichever is later, pay to the Union each month a service charge as a contribution toward the administration of this Agreement and the representation of such Employees. The service charge for the first month in which such Employee is required to make payment shall be in an amount equal to the local Union's regular and unusual initiation fee and monthly dues and any general and uniform assessment payable in that month, and for each month thereafter in an amount equal to the Local Union's regular and unusual monthly dues and any general and uniform assessment payable in such month.

The Company agrees as part of this contract to consider all Employees who now are, or who will become, members of the Union during the term of this contract as members who have made their choice in good faith regarding membership in the Union. Both parties agree that all Employees may make a voluntary and free will choice of Union membership. If the state law changes with regard to right to work, the Company will meet with the Union to discuss the issue.

IV. UNION DUES AND POLITICAL CHECK OFF

8. The Company, for Employees who are members of the Union, and who have authorized in writing, on such form as is in compliance with State and Federal Law, shall deduct from the first pay of each month, or weekly at the option of the local Union, and remit to the duly designated local Union officer, the Union dues, initiation fees and uniform assessments.

9. The Company shall deduct an amount from the pay of each Employee who is a Union member and who executes an authorization on the standard form used for the purpose by the UFCW Active Ballot Club. The deduction shall be in the amount specified in the check off authorization form signed by the Employee. The deduction shall continue for each Employee during the life of this Agreement unless such Employee revokes his or her authorization in writing. The amounts deducted shall be transmitted promptly to the UFCW Active Ballot Club in care of the Local Union, along with an alphabetized list of the Employees whose deducted amounts are being transmitted and the amount transmitted for each. The frequency and time of deductions and procedures to be followed in connection with this check off of political contributions will be as close as possible to those followed in connection with the check off of Union dues and initiation fees, subject to such modification as may be agreed upon locally, provided that, at the Company's option, deduction and payment may be made less frequently, but at intervals no greater than quarterly. No check off shall be made in violation of any state or federal law or regulation.

V. NO STRIKE CLAUSE

10. Any Employee including officers, job stewards or alternates who engage in any strike, including but not limited to slowdowns, deliberate curtailments of production, work stoppages of any kind or form, sympathy strikes, "in-plant strategies" (unprotected activities), or other interruptions of work shall be subject to disciplinary action or discharge.

11. Should any strike, including but not limited to, slowdowns, sympathy strikes, "in-plant strategies" (unprotected activities), or concerted stoppages occur, the Union agrees that it will use every reasonable, affirmative means to immediately terminate such activity.

VI. RIGHTS OF MANAGEMENT

12. The Management of the plant and direction of the working force, including the right to hire, suspend or discharge for just cause, to assign to jobs, to transfer Employees within the plant, to increase and decrease the working force, to determine products to be handled, produced or manufactured, to establish schedules of production and the methods, processes and means of products or handling, is vested exclusively in the Company, provided this will not be used for the purpose of discrimination against any Employee or to avoid any of the provisions of this Agreement.

13. The rights of Management relating to the establishment and enforcement of standards of production, job loads and hours of operation of the plant, or any division, now in effect at the plant shall remain in effect except as may be modified by this Agreement.

14. The Company reserves the right to subcontract any of its operations or functions if it determines it is more economical, or more efficient, or more expeditious to do so. The Company will notify the Union of any major proposed subcontracting project as soon as reasonably possible and will meet with the Union to discuss the nature of the project, its impact on employees, and the reasons for considering this alternative.

VII. POLICY

15. The Company will not discriminate against any Employee because of race, color, physical disability, religion, handicap status, sex, national origin, age, or status as a disabled or Vietnam era veteran in accordance with the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1971, both as amended, and the Vietnam Veterans Readjustment Assistance Act, Americans with Disability Act or other applicable laws. The Company will continue its present policy of giving preference in hiring to former Morrell Employees whose services were satisfactory and who meet applicable Company requirements at the time of application for hire.

16. The Company will not tolerate harassment of any kind, including sexual, Union or non-Union status, racial, or religious harassment, within the work place. Should any Employee feel like he/she is a victim of harassment, the Employee is urged to notify the Plant Affirmative Action Officer so the Company may have an opportunity to investigate and deal with the problem. All inquiries will be held in the utmost confidence and the matter will be investigated and dealt with expeditiously except in cases involving grievances, where the Company agrees to share the appropriate information with the Union.

VIII. WEEKLY GUARANTEE AND HOURS OF WORK

17. The Company shall guarantee thirty-six (36) hours work in a week, or pay in lieu thereof, for all regular full-time hourly paid Employees unless the Employee is laid off not later than the last scheduled work day of the preceding week. Such guarantee will be applicable Monday through Friday except for those shift operators as defined in Paragraph 21 who are regularly scheduled to work on Saturday and/or Sunday, in which case the thirty-six (36) hour guarantee will be applicable to the first five scheduled work days of the Employee. Each department (irrespective of the remainder of the division) has the right to waive the weekly guarantee eight (8) times in any calendar year. Notice to waive the guarantee must be posted in the affected department prior to noon on the Friday preceding the week of waiver. However, two (2) of the eight (8) waivers during the year may be declared in the week of waiver without notice the prior Friday. Those in the areas that waived the guarantee for that week and are scheduled to work on Sunday and were effected by the waiver, will be paid at time and one-half for hours worked on Sunday.

The Company shall have the opportunity to designate a staggered workweek for Mechanical employees hired after May 8, 2003. The number of employees in this work crew shall be no more than five percent (5%) of the total number of employees assigned to the Maintenance division using the previous year's average number of employees. These employees shall be guaranteed thirty-six (36) hours in the first five (5) consecutive days they are scheduled to work beginning with the first day scheduled.

The following rules shall also be applicable:

(a) Employees who are recalled from lay off after the first work day of the week and all employees rehired or new hires shall have their guarantee reduced by the number of hours worked by the gang before they report. It is not the intent of this paragraph for the Company to idle an entire department to avoid the guarantee or holiday pay.

(b) Employees on laid-off status who, in the exercise of their seniority rights, have obtained employment in a department other than the department in which they hold regular seniority shall upon returning to the department in which they hold regular seniority, have their guarantee reduced by the number of hours worked by that department prior to such Employee returning to that department.

(c) Employees displaced because of the operation of the seniority provisions shall not be entitled to any weekly guarantee for the week of such displacement.

(d) Hours worked on a holiday shall be counted towards the guarantee except for holidays falling outside the employee's five-day guarantee period.

(e) In the event an Employee is absent (with or without permission) or tardy, his guarantee shall be reduced by the number of hours of work missed by such absence or tardiness.

(f) Eight (8) hours pay for hours not worked on a holiday shall be credited against the thirty-six (36) hour weekly guarantee, except for holidays falling outside the employee's five-day guarantee period.

(g) Employees affected by a waiver in a department who work less than thirty-six (36) hours in that week of the waiver, Monday through Friday, will be given a minimum of thirty-six (36) hours credited towards the fulfillment of their 1,615 hours for vacation entitlement.

18. Insofar as business conditions permit, eight (8) hours shall be a day's work for production and maintenance Employees. Any time worked in excess of eight (8) hours in any work day, or forty (40) hours in any work week, shall be deemed overtime for which time and one-half shall be paid. Hours in excess of ten (10) in any day shall be on a voluntary basis excepting set up or tear down operators and emergencies such as mechanical breakdowns, order fill requirements or potential product loss.

(a) When an Employee starts a new day's work within eight (8) hours from the end of his prior day's regular shift he shall be paid 1-1/2 times his applicable rate for hours worked prior to the expiration of such eight (8) hours.

(b) Employees who are called back to work within eight (8) hours of their previous shift after already having left for the day, and employees who are called to work but not previously scheduled for the day, shall receive a minimum of four (4) hours pay or four (4) hours work at their regular rate of pay. Such employees shall also be entitled to the premium pay described in 18(a) for hours worked prior to their eight (8) hours of rest.

(c) Each Employee who reports for work for the scheduled work period (not having been previously notified not to report) will receive a minimum of two (2) hours pay at the regular straight-time hourly rate and shift premium, where applicable, for such hours on that day. This section does not apply to cases such as power interruptions, fire, flood, snow or other conditions beyond the Company's control.

(d) The parties agree that during negotiations for wages consideration was given and the wage rate reflects pay for time spent changing necessary clothing and the cleaning of safety equipment.

(e) Sunday Work: Work on Sunday within a department other than regularly scheduled shifts will be on a voluntary basis. In the event a sufficient number of volunteers is not available, the necessary number of qualified Employees with the least amount of departmental seniority will be assigned to the work.

(f) Gang time will be posted in a department prior to the second break except in cases where extenuating circumstances are involved and it is impossible to comply.

19. Every effort will be made by the Company to schedule operations so Employees will work as close to forty (40) hours as possible.

(a) The Company agrees in principle to the equal distribution of extra work on a quarterly basis. Should an employee be offered such hours and decline, they shall be recorded for this purpose as hours worked. It is understood that gang time, table time and work groups will be equalized on a shift basis.

1. If only a portion of the department is scheduled to work Saturday, it is understood that the regular operator will fill his/her position if it is in operation. If such operator desires the day off, they may make the request of the supervisor who will attempt to accommodate them by referring to a "Saturday sign-up sheet" signed by the employees wishing to work on Saturday. From the Saturday sign-up sheet, the supervisor shall select the senior qualified operator to replace the employee who requested the day off. If no qualified operator signs the "Saturday sign-up sheet," supervision will review the qualifications of junior operators and make every attempt to accommodate the senior employee wishing the day off.

A second sign-up sheet shall be posted for miscellaneous cleanup/setup work for purposes of equalizing hours.

The sign-up sheets shall be posted within the department by Thursday noon, if possible, of each week and employees who sign up for Saturday work will be required to do so should they be needed.

For the purpose of this paragraph the equalization of hours will be among the groups as defined in Exhibit A.

The above provisions exclude the skilled setup people as identified in Appendix H.

(b) Under this agreement, there will be no additional training of operators to equalize hours and all hours worked by the employees, except hours worked by virtue of a round robin list for Sunday and holiday work, will be counted as hours worked and charged to their total hours for equalization of hours purposes.

20. On the day before the following holidays:

-Christmas Day

-New Year's Day

Employees will not be scheduled in excess of eight (8) hours except on a voluntary basis. It is understood that the completion of order fill and other circumstances cited in Paragraph 18 may be exceptions to this provision.

(a) If a recognized holiday falls on Sunday on the calendar, the limitation on hours will apply on the preceding Saturday.

IX. SHIFT OPERATORS

21. Shift operators are defined as those Employees who work on continuous around-the-clock shift operations which operate either six (6) or seven (7) days a week. Presently, only Employees of the Engine and Boiler Room are classified as shift operators and the Company will notify the Union prior to establishing any other operations as shift operators. If in any week the Company discontinues shift operator jobs as a twenty-four hour per day, six or seven day operation, such job shall no longer be considered a continuous shift operation, unless and until the same job shall thereafter have operated twenty-four hours per day for six or seven days per week for a total of at least thirty days.

22. Shift Employees who work regularly on Saturday or Sunday, or both, shall have a designated day in place of Saturday or Sunday, or both, as the case may be.

23. A shift Employee's designated day of rest in place of Saturday or Sunday shall be a consecutive 24-hour period selected by the Company starting at the same hour of the day as the Employee's scheduled starting time on his last scheduled day of work prior to such designated day of rest. The day of rest so selected may be changed by the Company from time to time provided that the Employee is notified of any change not less than seven calendar days prior to the newly designated day of rest. The Company will make every reasonable effort to schedule two consecutive days as an Employee's designated days of rest in place of Saturday and Sunday.

X. PYRAMIDING OF PREMIUM PAY

24. Except as specifically provided in this Agreement, premium pay shall not be pyramided or cumulated.

XI. MEAL PERIODS

25. Employees may be sent to their first meal period after four and one-half (4-1/2) hours of work. They may then work five and one-half (5-1/2) hours to complete the day's work, after their first meal period, without being entitled to a second meal period.

(a) All time worked in excess of five (5) hours without a meal period, except with respect to the first meal period in the work day where work can be completed in five and one-half (5-1/2) hours, shall be paid for at the rate of half of regular rate in addition to the regular rate and any premium otherwise payable for such hours. This may be modified by local agreement to deal with scheduling problems. Set up operators as defined in paragraph 25(d) below shall work 5 1/2 hours before any penalty pay is imposed.

(b) The Company may require Employees to take their lunch period during an equipment breakdown or other temporary stoppage of production in lieu of their regularly scheduled lunch period only if the starting time of such substitute lunch period is within 30 minutes of the starting time of the regularly scheduled lunch period, and such substitution shall in any event, be subject to all other provisions of this Section.

(c) In the event an Employee works in excess of 15 hours in any day the Employee will be allowed a 30-minute meal period to be paid for at straight time rates, except an Employee employed on a continuous shift operation will be paid a dollar amount computed on the basis of 30-minutes time at the Employee's straight time rates.

(d) Set up operators referred to in Section 25 and 25(a) and (b) above, as well as the last paragraph of Section 25, will be interpreted to mean customary early starters and set up operators. These operators are ones that are required to come in daily as skilled operators (appendix H) and early starters that set up equipment and prepare the areas (duties such as wiping pipes and ceilings, etc.) for that day's production. All of these operators will receive the appropriate penalty time pay, as defined in Section 25, for all hours worked in excess of 5 and one-half (5 1/2) without having a meal period. All other early starters will be handled as per Article XI of the contractual agreement and will receive appropriate penalty pay, as defined in Section 25, for hours worked in excess of five (5) hours per day without a meal period.

XII. RELIEF PERIODS

26. An Employee shall be entitled to one relief period of 15 minutes duration following starting time and prior to lunch. A second relief period of 15 minutes duration will be allowed if the Employee works 7 hours or more in a day. If an Employee works more than 12 hours in any day without having been checked out and having left the plant, he shall be entitled to an additional 15 minute relief period. This Section does not apply to Employees working on continuous operations.

27. The Company may require Employees to take a relief period during an equipment breakdown or other temporary stoppage of production in lieu of a regularly scheduled relief only if the starting time of such substitute relief period is within 30 minutes of the starting time of the regularly scheduled relief period.

XIII. WARM-UP

28. Freezer Division Employees who work in freezer conditions (10° F or below) 50% or more of their workday, shall receive a relief period of 10 minutes per hour for warm-up. Warm-up time will not be taken in any hour when a contractual break or meal period is scheduled.

(a) The freezer rate of pay shall be paid to all Employees who are assigned to work in the freezer 50% or more of their scheduled shift.

XIV. TOOLS

29. The Company will furnish, where necessary for work, knives, steels, whetstones and meat hooks. The Company will also furnish helmet liners where necessary. The Company will provide special use tools in accordance with

practice in effect upon the date of ratification and such tools and other devices furnished shall remain Company property and Employees may be charged for any items that are lost or stolen.

30. Employees must wear safety shoes/boots in the plant. Employees are responsible for purchasing their own safety shoes/boots and cotton gloves except where the Company determines cotton gloves are necessary for safety purposes.

(a) The Company shall furnish up to four (4) pairs of rubber boots (or equivalent value for leather shoes) a year for the employees in the following areas:

- (1) All Stockyard employees.
- (2) Those working in the inedible portion of the Rendering Department to include plasma, blood, cooker, and 3rd shift operators (up to 12 people).
- (3) The three mechanical employees assigned on a regular basis to the inedible rendering areas.

(b) The Company shall furnish rubber gloves, cotton gloves, and rain suits for those jobs listed on the attached Exhibit C.

31. Employees purchasing safety glasses with prescribed ground-in lenses for use on Company jobs will be sold such glasses by the Company at one-half the cost. In the event safety glasses are damaged while at work, same will be replaced by the Company. No other glasses or lenses will be replaced by the Company.

32. Use of safety equipment furnished by the Company shall be encouraged by the Union. The Company will furnish, where necessary, the following safety devices: mesh gloves, specialty gloves, cotton gloves, wrist guards, knife guards, leather aprons, hook pouches, knife pouches, knife boxes, needle pouches, helmets, and goggles. All safety equipment and devices furnished shall remain Company property and Employees may be charged for any items that are lost or stolen.

33. Effective April 26, 2003, the Company shall furnish white coats and frocks to the current three individuals on each shift performing the jobs of janitor (1 person) and splitting hogs (2 people), and continue to furnish them with white coats or frocks as long as they hold their current position. Any one bidding one of these positions after April 26, 2003 will be required to participate in the Company's coat/frock/uniform program in existence at that time.

XV. TOOL PREPARATION

34. Employees will be furnished sharpened knives from the Knife Sharpening Room(s). On those jobs on which Employees are required to sharpen their own knives, the Employees will be allowed thirty (30) minutes per week to continue to do so.

XVI. WAGES

35. Base Rate: The base rate (Grade 1) for production employees with one (1) year or more of service shall be \$11.40/hour effective April 28, 2003.. Production rates shall be increased according to the schedule shown below and the same amount of annual increases shall apply to the Maintenance Division as outlined in Paragraph 37.

Effective	04/28/03	05/03/04	05/02/05	05/01/06
Increase Amount	\$40/hr	\$30/hr	\$30/hr	\$20/hr
Plant Production Base	\$11.40/hr	\$11.70/hr	\$12.00/hr	\$12.20/hr

If at anytime during the term of this Agreement, the above plant production base rate falls below the Pork Industry Wage Index as computed semi-annually by IBP, the above rates will be increased to equal the Pork Industry Wage Index.

Production Employee Grades as Listed in Appendix B: Grade rates are as follows and will receive the contractual increases on the date specified above.

Grade 1 - \$ Base Rate
Grade 2 - +\$.10
Grade 3 - +\$.30
Grade 4 - +\$.60
Grade 5 - +\$1.00
Grade 6 - +\$2.00

36. New Hire: New hires will be paid \$1.00 per hour below the appropriate base rate. Thereafter, they will receive a \$.25 per hour increase each ninety (90) calendar days until they reach the base rate. New hires who bid, or are assigned, and successfully fulfill the requirements of a Grade 2 through 6 job, shall receive the appropriate grade premium on top of the Employee's rate. Employees hired prior to ratification of this Agreement will be fit in at their appropriate level as if the new hire schedule had been in effect at the time of their hire.

With notification and consultation with the Union the Company reserves the right to increase the new hire rate up to the base rate or any point in between.

37. Mechanical Division Job Classifications and Rates: The job classifications and rate structure for the Mechanical Division are as follows:

Effective Date	<u>04/28/03</u>	<u>05/03/04</u>	<u>05/02/05</u>	<u>05/01/06</u>
STOREROOM & CLERICAL				
Storeroom Clerk	\$12.70/hr	\$13.00/hr	\$13.30/hr	\$13.50/hr
PAINT				
Paint Gang	\$11.90/hr	\$12.20/hr	\$12.50/hr	\$12.70/hr
E&B				
E&B Trainee	\$12.30/hr	\$12.60/hr	\$12.90/hr	\$13.10/hr
E&B Operator	\$13.05/hr	\$13.35/hr	\$13.65/hr	\$13.85/hr
E&B Engineer	\$13.65/hr	\$13.95/hr	\$14.25/hr	\$14.45/hr
Senior E&B Eng.	\$14.60/hr	\$14.90/hr	\$15.20/hr	\$15.40/hr
Master E&B Eng.	\$15.85/hr	\$16.15/hr	\$16.45/hr	\$16.65/hr
J Journeyman Master E&B Eng.	\$16.35/hr	\$16.65/hr	\$16.95/hr	\$17.15/hr
MECHANICAL/ELECTRICAL				
Mechanic Trainee	\$11.90/hr	\$12.20/hr	\$12.50/hr	\$12.70/hr
Mechanic	\$12.65/hr	\$12.95/hr	\$13.25/hr	\$13.45/hr
Senior Mechanic	\$13.55/hr	\$13.85/hr	\$14.15/hr	\$14.35/hr
Master Mechanic	\$13.95/hr	\$14.25/hr	\$14.55/hr	\$14.75/hr
Lead Mechanical Tech	\$14.20/hr	\$14.50/hr	\$14.80/hr	\$15.00/hr
Electrical/Mechanic Trainee	\$11.90/hr	\$12.20/hr	\$12.50/hr	\$12.70/hr
Electrical/Mechanic	\$12.65/hr	\$12.95/hr	\$13.25/hr	\$13.45/hr
Senior Electrical/Mechanic	\$13.55/hr	\$13.85/hr	\$14.15/hr	\$14.35/hr
Master Electrical/Mechanic	\$13.95/hr	\$14.25/hr	\$14.55/hr	\$14.75/hr
Lead Electrical/Mechanical Tech	\$14.20/hr	\$14.50/hr	\$14.80/hr	\$15.00/hr
EE Technician	\$14.20/hr	\$14.50/hr	\$14.80/hr	\$15.00/hr
Lead Electrical Tech	\$14.20/hr	\$14.50/hr	\$14.80/hr	\$15.00/hr
EE Senior Tech.	\$15.10/hr	\$15.40/hr	\$15.70/hr	\$15.90/hr
EE Master Tech	\$16.35/hr	\$16.65/hr	\$16.95/hr	\$17.15/hr

38. Night Premium Pay:

(a) A premium of \$.25/hour shall be paid to all employees who start their shifts between the hours of 12:01 p.m. through 6:00 a.m. the following morning. This premium shall apply to all hours worked by such employees from their start time until 6:00 a.m.

(b) All premium rates otherwise payable under this Agreement for hours worked during this period shall be based upon the sum of the employee's regular rate and the night premium.

39. Night Cleanup Department:

(a) On a trial basis, beginning June 7, 1999, the Company will raise all night cleanup rates by \$.75/hour. Anyone working in the night cleanup department with departmental rights elsewhere would continue to be paid at the contract rate of pay for their department and would be excluded from this \$.75/hour bonus. This bonus will be reviewed periodically by the Company for its effectiveness in reducing turnover rates in the night cleanup department. Should the Company determine the rate increase has not fulfilled its expectations, the Company may terminate this agreement upon 30 days advance written notice to the Union. At the time of termination of this agreement, all rates for those entering the night cleanup department will revert to the appropriate contractual pay levels. All remaining night cleanup employees shall be "red circled" with the \$.75/hour bonus until they leave the night cleanup department.

40. Lower Paying Jobs: Employees who are assigned or transferred to jobs of lower pay than their bid grade will suffer no loss of pay. However, employees who hold bid jobs Grade 2 through 5 and who bid or are bumped to lower paying jobs shall receive the applicable grade rate for the work performed except Employees with more than one year of service will not go below the base rate.

41. Leadpersons/Utility: Utility jobs will be bid and be paid \$.25 per hour over the highest grade performed. Utility operators will be utilized for vacation relief. Leadperson positions will be bid from the area or work group in which the leadperson is needed and all leadperson positions will receive \$.25 per hour over the highest paid person led.

(a) Utility jobs in the Hog Kill Department will be bid and paid \$.50 per hour over the highest grade performed. This additional \$.25 per hour from paragraph 41 above shall not affect the lead person rate.

(b) Should an individual be used exclusively in one position as relief, he is not entitled to the utility bonus, only the rate for the job performed or his permanent bid rate, whichever is higher. However, if the individual is used in at least three (3) different positions in one week while relieving for absences, they are entitled to the \$.25 per hour utility bonus for all hours worked that week.

42. Cost-of-Living Allowance: The provisions of this section shall be suspended for the term of this Agreement.

(a) Effective on the first day of the payroll week beginning on or after January 1 in the first year of this Agreement and thereafter during the term of this Agreement, a cost-of-living allowance, if applicable, shall be placed in effect semi-annually, effective with the beginning of the payroll week beginning on or after January 1 or July 1, as the case may be.

(b) Such adjustments shall be based on changes, if any, in the revised Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. (1967 = 100) (hereinafter referred to as the CPI) as of the prior November and May respectively and shall be calculated as hereinafter set forth.

(c) Each such allowance shall remain in effect for a six (6) month period, provided that if there is no change in the CPI requiring that the allowance being paid, if any, be changed, the allowance will be continued without change for additional periods of 6 months until change is required by reason of a rise or decline in the CPI.

(d) If, as of May or November, during the life of this Agreement, the CPI shall have risen to a level which is a full .3 or more higher than the level at which the CPI stood as of May preceding the effective date of the current term of this Agreement (hereinafter called the base CPI level), then effective with the beginning of the first payroll week beginning on or after the January 1 following such November or on or after the July 1 following such May, as the case may be, all Employees shall receive a cost-of-living allowance of one (1) cent per hour for each full .3 by which the CPI exceeds the base CPI level.

If, after such an allowance has been in effect pursuant to the foregoing, the CPI shall show a decrease, one (1) cent shall be deducted from the allowance for each full .3 decrease in the CPI below the level which the CPI was required to reach in order to earn the last previous amount of allowance, provided that no deduction shall be made from the base wage rate. For example, if the CPI should go through the following movements, allowances as indicated in the following table would be payable:

DATE	CPI INDEX	ACCUMULATED ALLOWANCE
November 15, first year of term	.3-.5 above base level	1 cent
May 15, first year of term	.6-.8 above base level	2 cents
November 15, second year of term	.9-1.1 above base level	3 cents
May 15, second year of term	1.2-1.4 above base level	4 cents

- (e) The amount of any allowance in effect at any time shall be included in computing any payments under this Agreement which are based on either the regular rate or authorized rate of pay.
- (f) In the event the CPI for November or May has not been issued by the following January 1 or July 1 respectively, then any adjustments that are required will be made at the beginning of the first pay period after receipt of such Index.
- (g) In the event the CPI shall be revised or discontinued and in the event the Bureau of Labor Statistics, U.S. Department of Labor, does not issue information which would enable the Company and the Union to know what such Index would have been had it not been revised or discontinued, then the Company and the Union will meet, negotiate and agree upon an appropriate substitute for such Index.
43. Method of Compensation: Current practices now in effect relating to the method of computing an Employee's compensation for work performed shall remain in effect, except as modified by this Agreement, or except where this Agreement would require higher payment.
44. Existing job grades will remain in effect and no changes shall be made in Appendix B of this Agreement except by signed agreement between the "Local Union President or his/her designee" and the Director of Human Resources. Grades of pay for new or changed jobs shall be negotiated, but the start of a new or changed job will not be delayed pending negotiations, and when agreement is reached on the grade it will be retroactive.
45. The appropriate Operations Manager will notify the "Local Union President or his/her designee" prior to any major restructuring of jobs. The Company will share with the Union any information it has (including all types of time study records, calculations and other data) relating to such job restructuring, and any disputes concerning such restructuring will be subject to the grievance and arbitration procedures of this Agreement.
46. Weekly paychecks will be distributed at designated locations by bargaining unit employees.

XVII. TIME STUDY

47. Where changes in workloads or speeds have occurred and disputes have arisen, the Company agrees to share any pertinent time study files it has and the Union time study analyst shall be allowed access to study the job at the Union's expense. Disputes shall be subject to the grievance procedure including arbitration.

XVIII. HOLIDAYS

48. The following shall be considered as holidays:

New Year's Day
 Memorial Day*
 Independence Day
 Labor Day
 Thanksgiving Day

Christmas Day
Employee's Personal Day**
Employee's Birthday***

*Memorial Day will be observed the last Monday of each May.

**Employees must turn in a written request to their supervisor a minimum of three (3) days in advance except in cases of emergency. In the case of an emergency, the employee must call prior to his/her starting time in order to receive their personal holiday. The supervisor will make every attempt possible to accommodate the employee but if a qualified operator is not available, the employee and supervisor will mutually agree upon an alternate date.

Employees will have the choice of a day off with pay or the option to work their regular schedule and receive eight (8) hours of straight time pay (in addition to pay for hours worked) for their personal holiday. In either case, it must be pre-approved by their supervisor. Either the hours of pay in lieu of the Personal holiday or hours worked on the holiday will apply to daily or weekly overtime eligibility, but in no case will both lieu hours and hours worked be credited.

Individuals hired during the month of October who fulfill their probationary period before December 31st will be eligible to use their personal holiday earned in the year they were hired from January 2nd of the following year to April 1st. In all cases it must be used by April 1st.

***In order to be eligible for the birthday holiday, employees must have one year of service at the time of their birthday. If the employee's birthday falls on a non-scheduled workday, the employee will receive eight (8) hours of pay in lieu of a day off. For overtime pay applications either the hours of pay in lieu of a holiday or hours worked on the holiday will apply to daily or weekly overtime eligibility, but in no case will both lieu hours and work hours be credited.

Only full-time Employees who have completed their probationary period are eligible for holiday pay pursuant to this Article, except the birthday holiday which requires one year of service. Maintenance employees with sixty (60) accumulated calendar days will be eligible for holiday pay. Employees hired in the months of May, June, July, or August shall not be eligible for any holiday pay until October 1st of that year. On October 1, those still employed shall be paid retroactive for holidays that occurred after their probationary period through October 1st.

49. Holidays falling on Sunday shall be observed on the following Monday. Holidays falling on the Employee's scheduled day of rest shall be observed on the day following the Employee's day of rest.

50. All regular full-time Employees as defined for this purpose by local practice or agreement shall be paid for eight (8) hours at their regular rate of pay for each of the holidays set forth above. If one of the above holidays occurs within an Employee's vacation period, he shall be paid eight (8) hours pay at his regular rate in addition to his vacation pay.

51. Employees working on a holiday shall be paid at one and one-half (1-1/2) their regular rate for the hours actually worked on the holiday, plus eight (8) hours pay. All hours worked on a holiday and eight (8) hours holiday pay for those not working shall be counted in computing weekly overtime pay. A holiday is defined as a calendar day beginning at midnight.

52. In order to receive holiday pay provided for in Paragraph 50 above, an Employee must work the last scheduled work day prior to the holiday and the next scheduled work day following such holiday if he/she is scheduled to work on those days unless:

(a) such absence has been excused in advance of the starting time, either the last scheduled workday prior to the holiday or the next scheduled workday following the holiday. Such absence must be excused by Supervisory Personnel.

(b) such absence is due to death in the Employee's family. Family shall mean husband, wife, father, mother, sister, brother, son or daughter or corresponding in-law relationship, or other relative if the Employee was living with such relative or legal guardian.

(c) such absence is due to an injury or illness that requires hospitalization, such as a vehicular accident, heart attack, stroke or other types of trauma requiring hospitalization that obviously will preclude the employee from working the day before or the day after the holiday.

Those individuals that had perfect attendance from January 1 to December 31 of the preceding year shall suffer no loss of holiday pay if their first absence in the current year is the day before or the day after the holiday as a result of illness or injury that prevents them from working.

(d) such absence is due to a disability which is or will be, after an appropriate waiting period, compensable under the Sick Leave Benefit Plan provided in this Agreement or under the Workers Compensation Law.

(e) such absence is due to a lay-off on a weekend prior to a holiday which occurs within the following week, provided the Employee is recalled to work within three (3) days following the holiday.

(f) any regular full-time Employee who is laid off or recalled within a holiday week and works the hours scheduled for him within such holiday week, shall receive holiday pay.

53. An Employee will not be entitled to receive the holiday pay provided in Paragraph 50 above, if he fails to work on a holiday for which he is scheduled to work, unless:

(a) such absence has been excused in advance of the starting time of the holiday by Supervisory Personnel.

(b) such absence is due to death in the Employee's family. Family shall mean husband, wife, father, mother, sister, brother, son or daughter or corresponding in-law relationship, or other relative if the Employee was living with such relative or legal guardian.

(c) such absence is on account of a disability. If such Employee is not eligible for sick leave benefits or worker's compensation for such disability, then he shall furnish acceptable medical evidence supporting his disability for that day. In any event, the Company shall be notified before his scheduled starting time on the holiday that such Employee will be absent from work on the holiday because of such disability unless it is impossible to give such notice.

54. Employees who are on leave of absence from the Company on the day of the holiday, when such leave of absence extends beyond the holiday, are entitled to no pay for holidays not worked, except where an Employee is absent for Union business of less than thirty (30) days duration.

55. In the event an Employee shall become sick or disabled while working on a holiday so that he cannot complete his regularly scheduled day, he shall be paid at one and one-half (1-1/2) times his regular hourly rate for all hours worked, in addition to regular holiday pay, under Paragraph 50, less any amounts received as sick benefit or worker's compensation for such day.

XIX. VACATIONS

56. Effective January 1, 1991, all Employees shall receive an annual vacation with pay according to the following plan:

Length of Continuous Service	Weeks of Vacation
1 year or more -	1
3 years or more -	2
10 years or more -	3
20 years or more -	4

(a) An Employee who becomes disabled prior to his scheduled vacation period and whose disability is expected to continue beyond commencement of his vacation period, shall, upon notice to the Company, and if the disability is supported by acceptable medical evidence, be entitled to have his vacation rescheduled. An Employee who becomes disabled while on vacation shall, upon notice to the Company and if the disability is supported by acceptable medical evidence, be entitled to reschedule that portion of his scheduled vacation which remains after the end of the week in which notice of such disability is given to the Company.

57. Continuous service for the purpose of the vacation plan is defined as commencing with the Employee's date of hire. If an Employee permanently leaves the Company and is later rehired, it is the date of rehire.

58. For all Employees on the payroll of the Company, as of the date of this Agreement, continuous service as of the date hereof shall be that as heretofore established.

59. Employees will receive full vacation entitlement for any year in which they work 1,615 hours or more. All compensable hours shall be applied towards the 1,615 hour requirement. For those individuals that were absent from work for a personal illness or injury and were ordered off work by their treating physician, the following pro-rata schedule shall apply: Those working a minimum of 1,000 hours but less than 1,615 hours shall be entitled to one week of vacation with one year to 19 years of service, those with 20 years or more of service shall be entitled to two weeks of vacation.

(a) Employees hired prior to October 1 and still on the payroll as of December 31 of their year of hire will be entitled to vacation in the next calendar year the first of the month following their anniversary date in accordance with the above schedule. Employees hired after October 1 will not be eligible for vacation in the calendar year following their date of hire. Vacation shall be determined on a calendar year basis subsequent to an employee's first year of service with entitlement consistent with the above schedule.

(b) Additional vacation privileges shall be given on January 1 of each year to those Employees who will complete by December 31 of that year, 3, 10, or 20 years of continuous service. Notice thereof shall be given these Employees on the first working day of that year.

(c) In order to obtain vacation preference in line with seniority, vacation requests must be submitted by April 1, inclusive, of each calendar year in an individual's home department.

(d) Vacation will be scheduled from January 1 to December 31 of each year. A maximum of 10% of employees in each department will be allowed vacation or leave of absence in any workweek. Selection of vacation will be determined by the bid procedure. Individuals must bid for vacation preference in their permanent department.

60. An Employee's vacation for any year must be taken and completed before the next January 1 or shall be forfeited. However, an Employee whose continuous service entitles him to three weeks or more of vacation will have either or both of the following privileges.

(a) The final week of his vacation for any year may run to the end of the week in which January 1 of the following year falls.

(b) If he schedules his vacation in accordance with (a) above, he may schedule his vacation for the following year to run consecutively thereafter and will not be required to return to work between the two vacations.

61. The time during which a vacation is to be taken shall be arranged by agreement between the Employee and his supervisor so as to give consideration to the convenience of both the Employee and the operation of the department. Vacation periods shall be allowed on a basis of seniority. When an Employee qualifies for more than one week's vacation, he shall be allowed to split his vacation on a weekly basis if he so desires, or if he/she qualifies for 1 week of daily vacation paragraph 61(a) shall apply:

(a) Individuals that had perfect attendance in the previous calendar year will be allowed to use up to one week of their current year's vacation entitlement in daily increments up to a maximum of three (3) days in any week. Those individuals who were absent for a work-related injury/illness shall be considered perfect attendees for this

purpose only and shall not be eligible for any other perfect attendance awards. The following guidelines must also be followed:

1. Eight Hours pay at the employee's regular rate.
2. Must be submitted by noon the preceding day to direct supervisor and approved by that supervisor.
3. Requests will be honored by first come, first served if prior to April 1st, after that Paragraph 59(d) shall apply.
4. Vacation requests for the full week will have preference over daily requests.
5. If Friday is taken as a day off and the department is scheduled to work Saturday, permission for Saturday must be obtained from the supervisor prior to leaving the last scheduled workday.
6. The eight hours off shall be credited towards the weekly overtime obligation.

62. The vacation plan is intended as an opportunity for rest and recreation. Accordingly, no request for pay in lieu of vacation will be granted, except as provided in Paragraph 63.

63. If an Employee quits or is discharged, for reasons other than for stealing Company property, he will receive any vacation pay due him.

(a) Employees who retire on or after October 1 of the calendar year, will be paid the vacation they would normally receive the following year. Employees who retire before October 1 of the calendar year will be paid for each month between January and the month of retirement, inclusive, one-twelfth of the vacation they would normally receive the following year.

(b) If an Employee is entitled to a vacation but dies before taking his vacation, the vacation pay shall be paid to the widow or widower, or upon request within a one-year period, to the next of kin.

(c) An employee who is separated from the service because of a permanent closing of a plant department, or other unit of the business, will be paid for each full month between January and the month of separation inclusive, one-twelfth of the amount of vacation pay he would normally receive the following year.

(d) Pro-rata vacations payable under (a) and (c) above shall be in addition to any vacation the Employee may be qualified for on the preceding January 1 if this has not already been taken.

64. Employees who are inducted into the armed service of the United States during the year preceding any notification date and who were on the payroll of the Company for 1,615 hours during such year, shall be entitled to vacation pay on the same basis as if they had a continuous service record up to such notification date.

(a) Employees returning from military service shall be permitted to take a vacation in the year in which they return from military service, after they have actually returned to work and indicate that they are going to continue their employment with the Company. However, there shall be no duplication of vacations.

65. Except as modified by this Agreement, local practice now in effect relating to vacations and vacation pay shall remain in effect.

66. Pay for vacation periods for Employees shall be 40 hours per week at their grade rate plus night differential if applicable. The vacation pay will be paid in advance of the scheduled vacation.

67. In the event of the death of an Employee, vacation pay will be prorated on the same basis as for a retiring Employee as provided in Paragraph 63(a).

XX. SENIORITY

68. Plant Seniority Defined: Plant seniority except for Mechanical Division shall be the Employee's date of hire in the Sioux Falls Plant and shall prevail for seniority purposes unless otherwise stated. If more than one Employee is hired on the same date, numbers will be drawn to establish position within that group.

69. Interplant Transfers: Interplant transfer Employees shall continue to use their master seniority date as their plant seniority date. Employees within this category who have the same master seniority date shall determine their respective position based on Company service with the greatest service being most senior.

70. Probationary Employees: New Employees will be required to serve a probationary period of sixty (60) accumulated calendar days (with a 30 day extension if both parties agree), during which period such Employees shall be considered temporary and may be dismissed without reference to seniority. Such dismissals shall not be subject to the arbitration procedure. Upon completing their probationary period, such employees will establish seniority back to the date of hire.

71. Job Bidding:

Temporary Supervision: Supervisory absences which require replacement, beyond those appointed in accordance with paragraph 41, may be filled from bidders who have applied by signing a "leadperson request list" for their particular area. These positions will be posted within former department areas as opposed to the entire division. Bidders will be evaluated based on seniority, leadership, knowledge of the operation and work record. The Successful bidder will be paid the contractual leadperson rate while performing such duties.

Departmental Seniority: The plant is comprised of various departments as noted in Exhibit A and new hires will not acquire departmental seniority until the time restraints in paragraph 71(b)(1) have been met.

(a) New Employees who are assigned to the Curing, Smoke Meat Pack or Smoke Meat Wash departments during the months of September through December shall be considered temporary within those departments. Such temporary employees as defined shall establish permanent departmental seniority upon their reassignment to another department in accordance with paragraph 71(b)(1), following layoff from the departments described above. Employees who are not laid off or reassigned by January 15th of any calendar year, shall establish permanent seniority within the initial department as of the date of hire in accordance with paragraph 71(b)(1). Those employees who are reassigned and establish seniority in the second department shall establish seniority in that department as of their plant date of hire.

(b) Employees desiring a transfer from one department to another must sign a permanent job posted on the plant master board for that desired department. The senior employee who signs a master board posting must accept or refuse the position immediately upon being asked by a Company representative. Applicants successfully transferring shall sever all rights in their prior department upon transfer to the new department and will be given a trial period of up to two (2) weeks to qualify for the job. Disqualification by the supervisor may occur any time during the two (2) week period and at that point, the individual will revert back to his previous bid job. Employees with 2 years or more of service will be allowed two (2) transfers in a twelve (12) month period. Seasonal or short-term fluctuations in production which commonly occur will not result in permanent openings, and will be filled by assignment. The bidding procedure for those with less than 2 years will be as follows:

- (1) During an employee's first 60 calendar days of employment, he or she will not be allowed to voluntarily sign nor will they be forced to sign any job postings, master board or departmental. On the employee's 61st day of employment, the employee will acquire departmental rights in the department they are working on that date and existing paragraph 71(b)(2) shall prevail.
- (2) From an employee's 61st day of employment to his/her 365th day, they shall be allowed one department or master board bid.
- (3) During the employee's 2nd year of employment, he or she will be allowed one department and one masterboard bid.
- (4) Employees with less than two years of service that bid down in rate will be "frozen" in that position for one year.
- (5) Forced assignments do not count as a bid.

(6) Jobs vacated by an employee with ten (10) years or more of service due to a quit, death, or retirement will be posted on the plant Master Board. However, the job vacated by the successful bidder will be posted within the department regardless of his/her years of seniority, provided the successful bidder accepts the posting in good faith and remains on the job until disqualified or bids on another job at some point in the future. If an employee accepts a posting but immediately vacates the position to return to his former job, without actually having worked in the new position, the Company shall revert back to the original Master Board posting and allow the next most senior employee the opportunity to fill the job. Should any unanticipated issues arise regarding this paragraph 71(b)(6), the parties agree to meet and discuss solutions which protect the intent of this language.

(7) Jobs vacated by employees with two years or less of service will only be bid in the department. Should no one sign the department posting, the lowest seniority employee in the department without a bid job will be forced to sign for the position.

(c) Department Expansion: Any increase in the regular number of department employees, due to expansion, shall be considered temporary until management determines the permanency of the operation. After such determination has been made, permanent openings, shall be posted within the department first. When there is some question as to whether or not the openings are of a permanent nature, the parties shall, within a period of six (6) months, meet and discuss the circumstances and attempt to arrive at a mutually acceptable decision on whether the expansion shall be considered temporary or permanent.

72. In the event there are permanent openings for which there were no signers in the department or on the plant master board (as a result of someone with over 2 years of service leaving that position), the least senior employee in the department without a bid job will be required to sign the posting. If there is no one in the department without a bid position, the Company will then force a newly hired employee on this position. The Company shall consider medical restrictions and medical schedules when assigning individuals to such positions. For those employees not working in their permanent department, last date of entry into the department shall prevail for all purposes.

73. Job Bidding Within Department: Job openings will be posted for bid from 7AM Thursday to 7AM the following Tuesday and will designate the primary job assignment as well as a complete description of the position to include the appropriate pay level, the starting time of the position and the general hours that the position will work.

(a) The senior employee who signs the posting must accept the posted job and relinquish all rights to their previous job, except that if the employee fails to qualify for the posted job, he shall revert back to his previous bid job. Successful bidders will receive the applicable grade rates when qualified. Employees with over 2 years of service may bid upward or laterally in grade at will but may only bid downward once in a twelve (12) month period.

(b) If employees are assigned work in a lower grade, they shall suffer no loss of pay. However, if they are assigned work in a higher grade for which they are satisfactorily performing, they shall receive the higher rate for the period they perform such work.

(c) Permanent employees who have not signed a permanent job or been forced to sign a position within the department, will be classified as a grade 1 and will be subject to assignment. Such employees will receive the applicable rate of pay for the work they perform on a daily basis. However, for purposes of lay off, they shall be considered as grade 1 regardless of the job performed in the department.

(d) Employees who wish to exit their present permanent job may do so only by successfully bidding another job. Employees who have successfully bid a new permanent job and are held on their previous positions for more than thirty (30) days shall receive the difference in grade pay, if bidding upward, beginning on the 31st day, or a \$5 meal ticket for down and lateral bids for each week after the 31st day they are not moved. For grade 5 jobs, the thirty (30) day period may be extended because of disqualification problems for an additional thirty (30) days. During the extension the employee held in place will receive a \$.25 per hour premium.

(e) The following positions on the Honey Bake Spiral Slice line shall be bid: 8600 Operator(s) (grade 4); Spiral Slice Operator(s) (grade 3); Inspectors/Graders Spiral Slice (grade 3); and Split Saw Operator(s) (grade 3). Should these individuals be laid off outside of the department to another department in the plant and recalled at a later date

to the Spiral Slice Line, they shall be eligible for retroactive grade pay for all time worked while laid off when they return to their original position.

74. Temporary Work or Shutdowns: Due to the variable nature of the business, all jobs are subject to temporary shutdown. Employees whose jobs are shutdown for less than one (1) week in duration and are needed for work within the groups as defined in Exhibit B-2 will pick available open work by seniority. Should there be a need to transfer an individual out of the group as defined in Exhibit B-2, the shutdown person, as long as he owns a permanent job, will be allowed to displace the junior employee(s) in his department without a bid position and that individual will be reassigned out of the group as defined in Exhibit B-2. These individuals will then pick available open work by seniority. Should everyone in the department own a bid job, the junior employee(s) will be transferred and choose available open work by seniority. Available open work is defined as work that no one is performing and needs to be done.

(a) In the case where a temporary shutdown is expected to last beyond the remainder of the week and does not cause a layoff out of the department, the shutdown employee will be allowed to first displace the junior employee without a bid job that he/she is qualified to perform. If all have bid jobs, the displaced operator will choose from available open work according to seniority.

(b) Employees shutdown or displaced in accordance with 74 or 74(a) who are permanent bid operators shall be recalled to their bid position if it resumes the next day or immediately if the Company transfers someone in from another department and places that person on the shutdown position.

75. Departmental Lay Offs: Should business necessitate a lay off from a department, those individuals without a bid job will be laid off first by plant seniority. Once this process has been completed and the required number of lay offs has not been achieved, the department will then lay off the remaining employees by plant seniority until the required number is achieved.

For lay off purposes, the departments shall be grouped per Exhibit B-1. Employees being laid off from a department in a specific group must choose positions within this lay off group first. If there are no openings in the other departments of the lay off group, those laid off must pick open positions in the plant at the time of the lay off by seniority. If no openings exist, laid off employees must displace the junior employee(s) in the plant provided the bumping employee has three (3) years of plant seniority. Employees who invoke bumping rights must be able to perform all duties of their new job immediately.

(a) **Special Seniority Provision –** Temporary layoffs out of a department due to seasonal production increases elsewhere will be handled by the employees being laid off and hired by shift. When the departments begin to recall employees they shall have the option of giving up their department rights and staying where they're at versus being forced back.

76. Qualified Operators: Should vacancies, emergencies or lay offs create a situation whereby a qualified operator does not exist to fill a vacancy, then, until the job is filled through the above procedures, the Company shall have the right to assign a qualified operator from anywhere within the department or plant, or, if necessary, from the lay off list. If no qualified operator exists either within the department, plant, or lay off list, the Company will hire from outside to fulfill its needs. When the Company has fulfilled its needs in accordance with this Paragraph, the Company shall then post the job on the plant master board and train the successful bidder immediately. Those forced from their bid position to another job as a qualified operator anywhere within the plant to a grade 3 or higher rate, shall receive a \$.25/hour bonus for all hours forced.

77. Recall: When business necessitates the start-up or expansion of a line or department, the most senior laid off employee qualified to perform the work will be recalled. Employees being recalled to their home department either from another department or from lay off, must return. Employees who have established permanent department seniority elsewhere by bidding a position on the masterboard during their period of lay off will not be subject to recall.

78. Job Eliminations: If an individual's bid job is permanently eliminated or indefinitely shut down, the Employee must revert back to their former bid position if available. If this position is no longer available, the employee has the option at that point to bump up to his or her seniority to the grade 4 level or below. (Grade 5 employees may bid up

to their seniority.) This paragraph also pertains to any individual that has had his or her starting time permanently changed by more than two hours. Subsequent operators displaced as a result of this process will have the same rights. Those employees that exercise their option to bump must qualify on the new position within a reasonable period of time.

(a) The following is to clarify Paragraph 78 regarding the permanent change in start times of more than two (2) hours. It is intended that no permanent start time shall vary more than a two (2) hour range of the recognized starting time. As an example, a recognized starting time of 8:00 a.m. may be regularly changed to 10:00 a.m. It may then not be regularly scheduled before 8:00 a.m.; or a regularly scheduled 8:00 a.m. start time may be moved back as far as 6:00 a.m., but not forward of 8:00 a.m.; or an 8:00 a.m. start time could be varied between 9:00 a.m. and 7:00 a.m. The intent is to recognize a two (2) hour time frame during which a starting time may be varied. This applies only to permanent changes in start time and excludes temporary changes for utility operators, extra work, equalization of hours, acts of God, and other temporary variances from the permanent bid posted start time.

79. Shift Preference: Employees wishing to transfer from nights to days, or days to nights, may make the request of their supervisor. Such requests will be honored on a seniority basis but may require senior Employees to remain on a particular shift for training needs. Transfers will only be made on a permanent basis with temporary shut downs handled as follows: Any forced reassignments that result in a shift change will be accomplished by order of plant seniority within the department classification.

80. Severed Seniority: Employees shall sever their seniority and be considered a voluntary quit for any of the following reasons: lay off in excess of accumulated work time, a three (3) day absence without report to the Company, a two year absence during which all contractual benefits have been exhausted, failure to answer recall either to the plant or their respective department, or disqualification from three (3) different jobs in a twelve (12) month period. The disqualification process applies only to an Employee's bid job or an assignment which is intended to be of one (1) week's duration or longer, but does not apply to temporary assignments as a result of shutdown during a week.

Special Problems: Any special problem arising out of this seniority program that is not covered by this Agreement may be mutually discussed at the request of either party in an effort to resolve such problem.

Any reference to division in the labor agreement shall be deleted and changed to department except for the Mechanical Division.

XXI. MECHANICAL DIVISION SENIORITY AND PROGRESSION

81. Seniority Date Defined: Date of entry into the mechanical division shall prevail for seniority purposes excepting lay off and recall or as otherwise modified below.

Employees who have completed the required time and course work of the senior mechanical level shall be given their plant seniority date for all purposes. This applies to all mechanical employees including the storeroom. The parties have further agreed to make an ADA accommodation for Jim Langloss which ensures he will not be forced to any opening on a second or third shift, in spite of any other seniority provisions of this Agreement. The mechanical Storeroom employees, upon completing three (3) years of service in the Mechanical Storeroom, will regain their plant seniority date for all purposes. However, should Storeroom employees elect to change career fields, they shall start as a trainee in that new field at the appropriate rate, or at the appropriate skill level and rate. If employees of the storeroom return to a previous mechanical field they shall receive a pay rate no less than they were at prior to bidding into the mechanical storeroom, including any contractual increases that occurred during the period of their absence.

82. Mechanical Division Openings: Permanent openings within the division may be filled from applicants from other departments of the plant who have signed a request with the Personnel Department. Applicants from other plant departments will be given consideration based on their work record, a minimum score at or above the 65th percentile of national norms on the Bennett Mechanical Comprehension Test, work-related experience, and plant seniority. The Company reserves the right to select the most qualified applicant based on its evaluation of all applicants. The Company also reserves the right to fill journeyman level positions from outside the plant if those skill levels are needed. Applicants chosen for transfer to the Mechanical Division shall sever all rights in their

former department and become permanent employees of the Mechanical Division. A successful applicant will enter the Mechanical Division as a Mechanic Trainee or E&B Trainee and be considered probationary for the first six months of their training during which time they may be disqualified and transferred back to their former department without loss of seniority rights. Current employees or newly hired employees who can immediately meet the requirements for the jobs listed in Paragraph 37 of Article XVI will enter the Mechanical Division at the appropriate level and likewise serve a six-month probationary period.

(a) Employees wishing to transfer from the Paint Gang to the mechanical Department shall sign a transfer request list. As vacancies become available, they will be filled by the senior employee on the transfer request list. Those transferring will retain their date of entry into the division but will enter at the trainee level and rate of pay, or their appropriate skill level.

83. For the purpose of clarification, the word "J Journeyman" when used in this Agreement, shall be defined as all progression levels other than trainee.

84. Progression and Training:

(a) A trainee in Mechanical or Engine & Boiler will be required to successfully complete the training courses outlined in Appendix G including a passing score of 75 percent or higher in each course test. At the end of twelve months of progressively successful work and having successfully completed the training courses listed in Appendix G, they will be promoted to Mechanic or E&B Operator respectively at the applicable rate. If a three-month extension has been granted for additional training course work, the promotion to Mechanic or E&B Operator will be delayed for that three months.

(b) A mechanic who desires to be promoted to Senior Mechanic must have successfully performed as a Mechanic for one year and successfully completed all of the hours of training as outlined in Appendix G.

(c) A Senior Mechanic who desires to be promoted to Master Mechanic must have successfully performed as a Senior Mechanic for one year and successfully completed all of the courses outlined in Appendix G in either the electrical or mechanical option.

(d) An E&B Operator or E&B Engineer who desires to be promoted to the next higher level must have successfully performed at his/her current level for one year and successfully completed all of the courses outlined in Appendix G in either the boiler or refrigeration option.

(e) An EE Technician who desires to be promoted to EE Senior Technician must successfully perform for one year in his/her present level and successfully complete all of the EE Senior Technician courses outlined in Appendix G.

(f) An EE Senior Technician who desires to be promoted to EE Master Technician must have successfully performed as an EE Senior Technician for one year and successfully completed the courses outlined in Appendix G.

(g) The course work in all of the categories in Paragraph 84 (a) through (f) above may be waived if the Employee can successfully perform the work at that level and takes the test for those courses and achieves a score of 75 percent or higher.

For the purpose of this paragraph (84) the words "successfully complete the course" means to participate in the course work and pass each course test.

(h) It is agreed that a "Paint Gang" will be maintained within the Mechanical Division. Employees from outside the division seeking a transfer to a position within the Paint Gang shall be required to achieve a minimum passing score on the Bennett Aptitude Test.

(i) The parties agree to maintain the mechanical classifications of "Lead Mechanical Tech" and "Lead Electrical Tech". Such classifications will be the next level of progression for master M/E's and E/M's and may be pursued by master level M/E and E/M employees. Successful candidates for the new classification shall have 15 months to successfully complete 170 hours of course work to be determined by the parties. Candidates for the lead classifications must have previously served one (1) year as a master before pursuing the lead classifications.

(j) At initial inception of this training program all hourly mechanical personnel except clerks, will be required to take an end of course tests for their current and all prior levels.

No individual will be reduced in pay grade as a result of this procedure; however, if an Employee is reduced in classification level and retains his current rate, he will remain at that current rate until such time as he is promoted above it or until the maintenance rates exceed his current rate. There will be no pass or fail grade associated with this testing. Where test results reveal lack of knowledge in a given area, an individual course of study will be developed for each person covering these areas. Specific course subjects will be selected under advisement of an outside training agency. This remedial training will not be mandatory but must be completed prior to further pay grade advancement. Testing is to be performed on Company time.

(k) (1) Specified training time is normal time required for course completion. These required courses shall be completed on Company time. If a failed course or courses must be repeated, it shall be done on other than Company time. A maximum three-month extension will be granted to personnel requiring additional time at the trainee level to complete course materials. All studies during this extension shall be done on other than Company time. Failure to complete required studies in this maximum fifteen (15) month period will be cause for disqualification.

(2) Any person desiring to advance to the next higher grade level must satisfactorily complete twelve (12) months in their present grade in addition to satisfactorily completing the course of studies associated with it.

(3) Newly hired Employees, who meet the minimum requirements for a level other than trainee will be required to demonstrate proficiency on prior levels. Personnel may demonstrate this proficiency either by passing the end of course exam or completing the required courses. Personnel completing courses under these conditions shall complete said courses on their own time. Failure to progress at a normal level will be cause for disqualification. If the individual came from another department of the plant, he will be relocated back to his former position.

(4) Only those courses that are required shall be taken on Company time. Voluntary advancement courses shall be completed on non-Company time. Study courses identified as remedial as per Paragraph (k) above are defined as voluntary advancement courses. Course materials, classroom space, necessary lab equipment and supplies shall be furnished by the employer.

(5) In advancement courses that offer individual selection of curriculum, such selection shall be made from courses not previously studied. A person who elects to drop a non-required course prior to completion will be required to reimburse the Company for said materials prior to taking any more courses.

(6) Satisfactorily completing a course shall be defined as having a minimum score of 75 percent correct answers on the end of course exam. Satisfactorily completing twelve (12) months in a given grade shall be decided based on supervisory and Divisional Management evaluation. In the event that an individual does not satisfactorily complete a course, retesting will be allowed after a 30-day period. No credit for advancement will be granted for failed courses.

(7) Any individual who feels qualified in a specific study course may elect to take the end of course test prior to starting the course. Should the individual fail the test, retesting will not be allowed without completing course materials.

(8) It will be necessary from time to time to update course content due to technological advances or changing needs. When the curriculum in a particular career field changes, employees may be required to take additional courses. Such courses shall be conducted during working hours at employer's expense. An employee who fails to pass such courses will not be subject to disqualification. However, they will not be able to advance to the next grade until these courses have been satisfactorily completed.

(9) Course materials and tests shall be as offered by the outside training agency, Southeast Technical Institute, or other Federally accredited training institutions.

(10) Employees desiring to take advance electronic training shall be entitled to tuition reimbursement upon satisfactory completion of the course work and tests.

(11) The Company will recognize past training in lieu of required course work provided such past training is certified to be comparable by the Southeast Technical Institute. This substitution described in this Paragraph (11) applies to all training requirements within the Mechanical Division.

(12) Individuals who have not completed the required training hours due to the fact that the Company had not offered the class will be permitted to move to the next pay grade and advance to the next level, with the agreement that the Employee will take and successfully complete the class when next offered. Failure to successfully complete the next available required class will result in the individual rolling back to his last level, or, if in the 1st, 2nd, or 3rd level of training, being disqualified from the Mechanical Division.

(l) Any employee hired into the Mechanical Department from outside the plant, upon being disqualified, shall have the right to transfer to the production unit without loss of seniority. Their wage and benefits shall be commensurate with their seniority, and they shall serve a sixty (60) day probationary period upon entry into a production area.

85. Temporary Openings: Temporary openings which may arise as the result of vacations, special projects, or other circumstances, will be filled on a temporary basis by available employees from other departments of the plant or new hires and their rate will be maintained for the duration of the temporary assignment.

(a) Vacations will be bid within the mechanical areas and a maximum of 10% of those individuals in that area will be allowed on vacation at one time.

86. Qualified Mechanical Employee: Should vacancies, emergencies, lay offs or other circumstances create a situation whereby a qualified maintenance person does not exist to fill a vacancy, the Company shall have the right to assign a qualified Maintenance Division person from any where within the plant, or, if necessary, from the lay off list. Those reassigned from their bid area shall be paid an additional \$.25/hour for all hours worked until they return to their primary area of assignment.

87. Lay Offs and Recall: Lay offs occurring in the Mechanical Division will be by date of entry into the division from employees in the Trainee level. That is, the most junior employee by date of entry into the division within the Trainee level shall be the first laid off. If additional lay offs are necessary, they will be made at each succeedingly higher level within the maintenance job groupings listed in Article XVI, Paragraph 37. If lay offs should occur up to the senior level then Paragraph 81 shall apply. The Company reserves the right to retain special high skills such as electrical and the like. If that should occur, the employee's plant seniority date will be used for all those in the senior levels and higher as defined in Paragraph 81. Laid off employees shall be recalled in reverse order of their lay off unless the Company is in need of a special skill in which case the parties agree that the need for a qualified person shall dictate order of recall.

88. Bumping: Employees laid off from the Mechanical Division shall have the right to, at their option, immediately exercise their seniority to bump the least senior grade 1 through grade 3 employee in the plant, but are not subject to being bumped by any employee from the other departments of the plant.

89. Employees of the Mechanical Division shall be subject to assignment and will perform any work assigned without regard to former craft titles or practices.

(a) Temporary Assignments: Such assignments may be by area, project, or shift. In the case of shift assignments, the Company will honor seniority to the extent possible but may require senior employees to work any shift dependent on required skills or training needs.

(b) Employees desiring transfer from one shift to another or one mechanical area to another may do so by notifying the Plant Engineer or his designee and signing a transfer request list. As vacancies occur, the request list will be honored on the basis of seniority. However, the Company retains the right to retain specialized skills as needed. Individuals from the Mechanical Division will be allowed to bid from one career field to another but when doing so, will enter the new career field at the trainee classification level and rate of pay.

- (c) The provisions of Paragraph 19(a) with respect to equal distribution of extra work shall apply to Mechanical Division Employees within each mechanical area.
- (d) In the event an individual in the Mechanical Division has a change in his/her starting time by more than two hours, the Company agrees to sit down with the Union prior to the change and discuss the necessity for changing the starting time.
- (e) The Company will reimburse engine and boiler room employees for monies spent by such employees to purchase licenses required by law.

90. It is agreed (as clarified by the Junso memo of 10/4/93) that the sprinkler mechanic work shall come under the jurisdiction of the plant bargaining unit.

91. The Emergency Response Team shall be restructured to include the following:

- (1) 100% of the employees in the Engine and Boiler Room, Fire, Watch, and Police and Wastewater Treatment.
- (2) The mechanical areas of Pork, Sausage/Canning, Building 116, Main Shop, Mule Barn and Storeroom shall require 25% of their employees per shift with a minimum of two employees in any given area.

The Emergency Response Team employees will be selected from volunteers on a seniority basis with any unfilled positions forced from the least senior employees in the area who have a minimum of one year experience. All members of the Emergency Response Team must be clean-shaven at all times.

XXII. LEAVE OF ABSENCE

92. Union Leave: Employees scheduled to attend to Union business may request to absent themselves without pay to attend to such matters. Such request must be approved through the Personnel Department.

93. Full Time Union Positions:

- (a) Employees who are elected or appointed to a full-time position with the Union, upon proper notice, shall be granted a leave of absence without pay not to exceed the life of this Agreement, and upon one week's notice of their desire to return to work for the Company, shall be entitled to return to their seniority division with accumulated seniority. The number of leaves for full-time positions with the Union shall not exceed six at any time.

The Company will agree to post the positions for those elected or appointed to a full-time Union position for the term of their appointment. Where special qualifications are needed, such as the 7th floor storeroom, the Company reserves the right to modify the job posting accordingly. Example: Storeroom position and the need to speak and understand Spanish.

- (b) Employees granted leave of absence under this paragraph will preserve their continuous service credits and seniority rights as of the date of commencement of such leave for all purposes and shall continue during the period of the leave to receive additional continuous service credit and seniority for all purposes other than severance pay. An Employee shall not be entitled to receive, while on such leave, any benefits to which he would be entitled if he were actively employed, except that if otherwise eligible he may receive, while on such leave, pension, severance pay or any insurance which he has maintained at his own expense.

94. Elected Officials: Employees elected to or appointed to complete the term of an elective public office, shall be granted a leave of absence for the term thereof and shall accumulate seniority for that period. An Employee shall not be entitled to receive, while on such leave, any benefits to which he would be entitled if he were actively employed, except that if otherwise eligible he may receive, while on such leave, pension, severance pay or any insurance which he has maintained at his own expense.

95. In the case of Employees elected to, or appointed to complete the terms of an elective public office requiring only part time service, or an appointive public office, special arrangements for leaves may be worked out between the local management and the Local Union.

96. An Employee, with one or more years of continuous service, excluding casual and part-time Employees, who is granted a leave of absence to perform summer encampment training under the National Guard or any United States Military Reserve program, shall be paid for the period of duty, not to exceed two weeks in any calendar year, the difference between his pay while performing such training and the compensation he would have received at his regular hourly straight time rate had he worked the number of hours which his regular gang worked during such two week period. Overtime hours worked by his gang shall be compensated at straight time under this provision. This provision does not apply to Employees who perform such training duties during periods of vacation or during any other periods of recognized leaves of absence, nor does this provision apply unless the Employee works on his last scheduled work day prior to the leave granted and his scheduled work day thereafter. An Employee who is on lay off will not be paid such difference pay during a lay off, but if he is recalled to work while performing encampment training, shall be entitled to difference payments under this paragraph, if otherwise eligible, starting with the day of recall.

(a) The Company will also grant Employees unpaid leaves of absence for full-time active duty with reinstatement rights provided they qualify within the provisions of the laws pertaining to reemployment of veterans. It is the intent of this paragraph to be consistent with Federal law regarding military leave in all aspects excepting difference pay.

97. Funeral Leave Pay:

(a) A regular full-time Employee who is absent from work for the purpose of arranging for or attending the funeral of a member of his immediate family will be paid funeral leave pay for any of the three consecutive scheduled work days commencing with the day of death, or the calendar day following the day of death, on which the Employee would have otherwise worked, except that in unusual circumstances, the three days need not be consecutive. An Employee will not receive funeral pay for any such day after the date of the funeral except where substantial travel time is required to attend the funeral. Employees who are not able to attend a funeral due to extensive (overseas) travel shall receive up to two (2) days of funeral pay once proper notification of death is presented. The two (2) days must be consecutive days that the individual was scheduled to work.

To be eligible for funeral pay an Employee must:

- (1) Be on the active payroll on the date of death.
- (2) Notify the Company of the purpose of the absence not later than the first day of the absence.
- (3) When requested, furnish proof satisfactory to the Company of the death, relationship of the deceased, date of the funeral, and the attendance of the Employee at the funeral.

Funeral leave pay shall be at the rate of eight times the Employee's basic straight time hourly rate per day. For the purposes of this Article, a member of the immediate family shall mean the Employee's spouse, child, mother, father, sister, brother, mother-in-law, father-in-law or legal guardian. Legal guardians shall be defined as family when such bereavement is in lieu of a father or mother. However, in no case shall an employee be compensated for the attendance of more than two (2) funerals for any combination of parents and/or legal guardians.

(b) An Employee granted an emergency leave of absence which has been requested by reason of unanticipated circumstances may elect to have this period treated as a vacation if he has current year vacation entitlement remaining, and shall be paid in accordance with such election.

98. Jury Duty:

(a) All regular full-time Employees who have six (6) months or more of continuous service who are required to report for jury service or serve as jurors shall be reimbursed for jury duty provided the Company is notified prior to the start of such jury service.

(b) The amount of payment shall be the difference between the amount for jury duty and the amount the Employee would have earned at his regular hourly rate had he worked gang time. The amount of payment due the Employee for jury duty pay herein shall be paid weekly.

(c) An employee who is absent due to lay off, vacation, sickness, injury or any other excused leave of absence shall not be entitled to any difference payments; except that an Employee who is on lay off and is recalled to work at a time when he is required to report for jury service or serve as a juror, shall be entitled to difference payments, if eligible, starting with the day of recall.

(d) The Employee must work the hours scheduled on any day during his jury service on which he is not required to report for jury duty.

(e) An Employee called for jury service will not be required to report for work on the day, or days, he is required to report for jury duty.

(f) Any eligible Employee called for jury duty shall, as soon as notified, bring their notification of call for jury service to the Personnel Department and make arrangements for the absence so that such Employee can qualify for jury duty difference payments. Payments will be made weekly provided the Employee furnishes satisfactory proof of jury service. Reimbursements for travel expenses for jury service will not be used in computing pay for gang time. Any Employee who is on Jury Duty during a week in which a calendar holiday has been changed by mutual agreement between the Company and the Union will be allowed to observe the calendar holiday instead of the changed holiday.

99. General Leaves of Absence: Leaves of absence without pay beyond the Employee's regular vacation may be granted for good and sufficient reasons and will not be arbitrarily withheld. Requests for leaves will be considered based on the requirements of the business, reason for the leave, and the amount of leave previously granted. Requests for leaves will be considered on a department basis. Leaves of absence will not be granted for the purpose of allowing an Employee to take another position temporarily or for any other form of monetary gain.

Leaves must be requested through the Personnel Department and will be considered only after the Employee has exhausted their current years vacation entitlement. Requests for vacations shall take precedence over requests for leaves and the Company will attempt to notify Employees of the status of their request as soon as possible.

Employees with three or less years of service are eligible to request up to one week leave per year, and Employees with more than three years service are eligible to request up to two weeks leave per year. It is understood that such request will be reviewed according to the criteria outlined above and in no way constitutes a guaranteed entitlement for leave. Employees granted leaves under this paragraph shall not be required to pay their insurance premium for the period of absence.

(a) The Company will place on temporary unpaid leave any Employee who informs the Company that the employee is absent due to INS proceedings involving his authorization to work. If the Employee provides legally valid authorization to work within ten (10) business days of the start of the absence, the Employee will be returned to work and the absence will be treated as an unpaid, but excused, leave of absence. If within ten (10) business days of the start of the absence the Employee is unable to provide legally valid authorization to work, his employment will be terminated.

If an Employee provides a change in name (other than marriage or other legal name change) and Social Security number, the Employee will be required to complete a new I-9 and provide proof of employment authorization. Such Employee will be allowed to continue working, provided this does not violate any law or interpretation of INS administration as defined by the Sioux Falls INS office.

XXIII. DISCIPLINE

100. The Company has the exclusive right to establish and enforce rules relating to discipline and attendance.

101. No disciplinary action will be taken with any Employee without a hearing in the Personnel Department. Disciplinary cases requiring immediate attention that arise during the hours that the Personnel Office is closed may be handled at the time of occurrence by the Night Superintendent and the Employee's Union steward or other designated Union Representative. A hearing on the matter will be held in the Personnel Office the following workday.

102. The Company shall not hold any conference or interview with an Employee who is the subject of any investigation or who is being interviewed in connection with the imposition of discipline or the issuance of a warning which is to be entered in the Employee's record (provided such interview or conference goes beyond the announcement of the disciplinary action or the delivery of the warning), unless the Company shall have advised the Employee of his right to be represented at such occasion by a Union representative of his choice and shall afford the Employee, if he or the Union representative so request, the opportunity to consult privately with such representative before the commencement of the meeting.

(a) No letters or notations of warning or of disciplinary action shall be entered in any Employee's personnel record unless the Company first advises the Employee of its intent to enter such writings in his record and affords him an opportunity to read such material. Upon reasonable notice, an Employee shall be afforded an opportunity to read and obtain copies of any material in the Employee's personnel record or file concerning verbal or written warnings or disciplinary action affecting such Employee or any other material in the Employee's personnel file relevant to a pending grievance which is brought on behalf of such Employee.

(b) No Employee will be required to submit to an examination by lie detector machine (polygraph, stress test, evaluator or other similar devices).

(c) Warnings, disciplinary actions or other such information concerning an Employee's individual work record which are more than two years old shall not be considered in disciplinary actions.

XXIV. GRIEVANCE PROCEDURE

103. The grievance procedure may be utilized only by the Union, however, where a dispute arises concerning violations of Article II, Paragraph 5, or Article V, the Company will also have access to the grievance and arbitration procedure. At no time may the presentation or resolution of grievances interrupt or in any way interfere with work unless specifically agreed to by the Company. All grievances handled through the Union, whether individual or group, shall be presented in writing and handled in the following manner:

(a) First Step: Between the aggrieved Employee or group of Employees either with or without a Union representative and the supervisor of the department, who may elect to call in his department superintendent. All grievances must be filed within five (5) working days of the date of the action being grieved or knowledge of the action being grieved. The supervisor shall answer in writing within five (5) working days. If no satisfactory adjustment is arrived at the Union must appeal to the next step within five (5) working days, then:

(b) Second Step: Between the representatives designated by the Union and the aggrieved Employee or group of Employees and the Manager of Hourly Employees or other representative designated by the Company. The Company representative shall answer in writing within seven (7) working days following the second step meeting. If no satisfactory adjustment is arrived at the Union must appeal to the next step within seven (7) working days, then:

(c) Third Step: Between the representatives designated by the Union and the Manager of Human Resources, or other representative designated by the Company. The Company representatives hearing the grievance shall give a written answer within ten (10) working days following the third step meeting. If no satisfactory adjustment is arrived at, the Union must appeal to the next step within ten (10) working days, then:

(1) Failure to resolve a grievance after concluding the first three steps of the grievance procedure requires the Union within fifteen (15) working days to notify the Company of its request for arbitration of the grievance. Either party may request a pre-arbitration meeting to discuss the grievance if the case is unusual or complex and such a meeting might result in clarification or resolution of the issues. However, such meeting shall not delay the arbitration process outlined in this Agreement.

104. Priority Grievances: Discharge Grievances: The Union may request an immediate meeting and such request will be granted as soon as the designated Union representatives can be replaced by a qualified Employee. When it becomes necessary to schedule meetings it shall be done by appointment.

105. Failure by either party to meet grievance procedure time limits will result in default against the party not responding on a non-precedent basis.

(a) The company agrees to furnish the Union with copies of any and all insurance information pertaining to a grievance or claim of an Employee or dependent, if requested.

XXV. ARBITRATION

106. Arbitration awards given in compliance with this Article shall be final and binding on both parties. Nevertheless, either party has the right to appeal the arbitrator's decision to the appropriate court where the arbitrator has made a mistake of law or gone beyond the terms of the contract. The arbitrator shall not have the power to add to, detract from, ignore or modify, or change in any way any of the terms and conditions of this Agreement. His decision shall not go beyond what is necessary for the interpretation and application of this Agreement or the obligations of the parties under this Agreement.

(a) Within five (5) working days after the Union has informed the Company of its intent to arbitrate an issue, it must write the Federal Mediation and Conciliation Service for a panel of seven arbitrators. A copy of the request will be sent to the Company.

(b) After receipt of the arbitration panel, the parties shall meet to mutually agree on one of those Arbitrators submitted or to strike the first name from the list; provided, however, notwithstanding the above, either party has the right to reject one (1) panel in each arbitration case, with or without cause. The Company and the Union will alternate striking the first name from the list. The Company and the Union will alternately strike names from the Arbitrators list until there is only one left. The last name remaining on the list will be the selected Arbitrator. If the selected Arbitrator cannot hear the matter within forty-five (45) days, the parties may agree to obtain a new list and search for another Arbitrator.

(c) Within five (5) working days of the selection of an Arbitrator, a letter will be sent to the Federal Mediation and Conciliation Service concerning the selection and requesting hearing dates.

(d) Within five (5) working days of the mailing (Post Office cancellation date) of the Arbitrator's proposed hearing dates, the parties shall meet, if mutually possible, to agree upon one of the dates submitted or to arrange a substitute date satisfactory to all parties.

(e) All correspondence by either party with the Federal Mediation and Conciliation Service or with Arbitrators concerning appeals to arbitration shall be made with copies to the other party.

(f) The expense of the arbitration shall be shared jointly by the parties.

XXVI. UNION NOTICES

107. The Union shall be permitted to post notices related to Union business on the plant and departmental bulletin boards and the Company shall provide bulletin boards located near each time clock for Union notices.

(a) The posting of such notices shall be subject to prior approval by the Company except in the case of notices of Union meetings.

(b) The Company agrees, at its expense, to print and furnish the Union and all Employees a pocketsize copy, bearing a Union label, of this collective bargaining agreement. This copy shall be printed in English and Spanish, with the English version settling all disputes.

(c) The Local Union President or his/her designee of the Union shall be allowed access to the plant at any time to conduct Union business.

(d) Officers of the Union and elected stewards will be given time to handle Union matters as necessary with permission from the supervisor just as soon as a replacement can be put in their places and such a request will not be unreasonably delayed. All time spent in investigation and processing grievances/arbitrations is not compensated by the Company unless mutually agreed by the Company and the Union.

(e) Union Representatives: The officers of the Union and the department chief steward during their tenure of office in such capacity shall hold highest seniority in regard to lay off in their respective department. Stewards shall be limited to one steward per fifty Employees or fraction thereof in the department.

(f) The Company agrees to pay one (1) Union Business Agent for up to forty (40) hours straight time per week. It also agrees to maintain the individual's health benefits, less normal employee contributions.

XXVII. SICK LEAVE

108. Regular full-time Employees with more than one (1) year of continuous service, who are absent because they have become disabled to the extent that they are physically unable to work, and when such disability is supported by acceptable medical evidence, shall receive part-wage payments in accordance with the following plan:

(a) Waiting Period: Any accident or illness resulting in a hospitalization shall have no waiting period. An employee who has more than one (1) year of service but less than five (5) years shall have a waiting period of seven (7) calendar days for all other accidents and illnesses. An employee who has five (5) or more years of service shall have a waiting period of three (3) working days for all accidents and illnesses not resulting in a hospitalization.

(1) Any employee who had perfect attendance in the calendar year prior shall serve no waiting period the first illness in the present year. A second illness or accident in the present year shall trigger the language in paragraph 108(a) above. Upon achieving another calendar year of perfect attendance, the employee shall again have a waiver of the waiting period in the following calendar year for the first illness.

(b) Amount of payment: Sick leave benefits shall be paid as follows:

(1) For each week of absence due to disability, 60% of the Employee's regular base hourly wage rate on a basic work week of 40 hours.

(2) Where an absence is for a period of less than a full work week, each day of absence shall be compensated at the rate of 60% of the Employee's regular base hourly wage rate on a basic work day of eight (8) hours.

(3) When an individual has received sick leave payments from the Company and is later reimbursed lost wages by a third party, the Company shall be reimbursed for sick leave benefits paid.

(c) Length of Compensable Disability: Employees qualifying under the foregoing shall be entitled to sick leave benefits for a period equal to the lesser of 13 weeks or 1 week for each year of continuous service reduced by payments made for other absences occurring during the 12 months immediately preceding the starting date of the current absence.

(d) Other Regulations: The payment of sick leave will also be subject to the following regulations. Sick leave will not be paid:

(1) Where sickness or accident is caused by, or is the result of, Employee's own misconduct or gross negligence.

(2) To an Employee for such time as he received vacation pay.

(3) To Employees during strike.

(4) To Employees who draw benefits for permanent and total disability, or who are retired on Company pension.

(5) During disabilities arising out of employment for wages, or for other valuable consideration, in lieu of wages, for another employer.

(e) If a disability commences while an Employee is on leave of absence, such Employee will be entitled to sick leave payments for a period starting after the termination of the leave of absence provided that:

(1) If the absence is at the request of the Employee, excuse for such absence must have been requested and granted in advance.

(2) The absence is not pursuant to a leave granted under Section 93 or Section 94.

(f) An Employee who becomes disabled prior to his scheduled vacation period and whose disability is expected to continue beyond commencement of his vacation period, shall, upon notice to the Company, and if the disability is supported by acceptable medical evidence, be entitled to have his vacation rescheduled and shall be transferred from the vacation payroll to the applicable benefit payroll. An Employee who becomes disabled while on vacation shall, upon notice to the Company and if the disability is supported by acceptable medical evidence, be entitled to reschedule that portion of his scheduled vacation which remains after the end of the week in which notice of such disability is given to the Company and shall be transferred at such time from the vacation payroll to the applicable benefit payroll.

(g) If a disagreement arises between the Company's doctor and the Employee's doctor as to the Employee's ability to return to work, the Company's doctor and the Employee's doctor shall select a third doctor who shall make a determination as to the Employee's physical ability to work and the decision of such third doctor shall be final and binding. Any fees or expenses of such third doctor shall be divided equally between the parties.

109. The rules with respect to the determination of length of service requirements, notification to the Company, the furnishing of medical evidence, and the payments of sick leave benefits in connection with periods of lay off, shall be as follows: where an Employee who is on lay off is recalled to work and is unable to report to work by reason of disability, such Employee shall be entitled to receive sick leave pay, to the extent that he is otherwise eligible, starting with the day of recall.

110. No Employee shall be eligible for consideration for sick leave benefits unless and until they notify the First Aid/Personnel Department of their claimed sickness and it is on a day in which they are scheduled to report for work.

111. Acceptable Medical Evidence: A statement from a Company nurse will be acceptable evidence to support absences of the first three days unless in their opinion unusual circumstances may require a doctor's statement for any of the first three days. Absences beyond three days will require a statement from the individual's treating physician prior to returning to work.

112. In reporting absences to the Company, the Employees must report their absence before the start of their scheduled starting time, except in circumstances which are beyond the Employee's control. In the event the First Aid/Personnel Department is closed, absences should be reported to the Police and Watch Department.

113. If an Employee cannot report either to the First Aid/Personnel Department or the Police and Watch Department due to an emergency or circumstances beyond their control, consideration will be given in payment of sick leave providing medical evidence is available to substantiate their illness.

It is understood that service will be computed on a continuous or accumulative basis for each Employee who was hired prior to and including February 25, 1950, whichever is the most favorable to the Employee.

114. The Company nurse may visit Employees in Sioux Falls or out of town as the need arises.

115. Supplemental Sick Leave: Qualified Employees who continue to be disabled at the expiration of the period for which they are entitled to sick leave benefits, and who furnish acceptable medical evidence that their disability is likely to continue, shall be entitled to continue to receive sick leave benefits under a program to be administered jointly by the Company and the Union ("supplemental sick leave program"), which program shall include the following features:

(a) The program shall be administered by a committee made up of an equal number of management and hourly employees selected by the Company and the Union respectively ("Committee"). The Committee shall determine

whether an Employee is disabled as a result of a catastrophic illness or injury, which disability extends, or is expected to extend, beyond such Employee's normal period of sick leave benefits ("disabled Employee").

(b) Such disabled Employee shall be entitled to additional weeks of sick leave benefits based on the formula set forth in Paragraph 108(b) and (c) above and subject to the limitations set forth in (c) below, as determined in its sole discretion by the Committee.

(c) Total payments to all disabled Employees as determined by the Committee in (a) above shall be paid by the Company, up to a maximum of \$120,000 for each contract year of this Agreement.

(d) Sick pay benefits shall be made to disabled Employees approved by the Committee until the earlier of:

1) approval and commencement of Social Security Disability Benefit payments; or recovery from the disabling condition.

(e) For purposes of this paragraph, a "catastrophic illness or injury" means any illness or injury which is so severe that the Employee is totally disabled from performing any work. The disabled Employee shall submit a certificate from his or her doctor certifying the Employee's condition. If the Company disagrees with the doctor's certificate, the Company doctor will examine the Employee.

(f) Any determination by the Committee in regard to supplemental sick leave benefits shall be final and binding on the Employees, provided, however, that if a majority of the Committee is unable to agree as to the application of supplemental sick leave benefits to any Employee, such determination shall be subject to binding arbitration.

116. Worker's Compensation:

(a) Employees who are paid worker's compensation and are entitled to sick leave will only be paid the difference between worker's compensation and sick leave for the number of weeks that the Employee is entitled to sick leave; this includes the waiting period. The amounts so paid will not be charged against the Employee's sick leave account.

(1) An Employee who is injured on the job and is unable to perform work for the remainder of the day shall be paid gang time for that day or under extenuating circumstances, up to ten (10) hours.

(2) Local practice now in effect at the plant regarding transportation to and from the doctor for treatment of a plant injury will remain in effect. In cases where the Employee has chosen his own doctor, he will provide his own transportation and will be reimbursed for lost time up to one and one-half (1-1/2) hours not to exceed gang time.

(b) Choice of Doctor: An Employee sustaining an injury or illness arising out of and in the course of working for the Company shall have the right to make the initial selection of his or her physician from among all licensed physicians in the state.

(c) Light Duty: Where an Employee who has been treated for occupational injuries or illnesses is released by a physician to return to work with applied restrictions, the following procedures will be followed.

(1) Upon return to work the Employee will present the restrictions to the First Aid Department.

(2) The first line supervisor, the Employee and the plant nurse or designate will coordinate as to:

- a) limitations of the restrictions.
- b) length of restrictions.
- c) tasks the Employee may or may not perform.

(3) If the Employee believes that a violation of his or her restrictions exists, thereby exposing the Employee to re-injury, prolonging of existing injuries or illnesses or worsening his or her condition, the Employee may take the matter up with his or her supervisor. If the issue is not immediately resolved, the Local Union President or his/her designee and a Company representative shall, by telephone or other means, contact the doctor who has released the Employee, and the Employee shall not be required to perform the disputed work unless the doctor agrees.

(d) Immediate First Aid: Any Employee in need of first aid will be relieved immediately to go to the nurse's station.

(e) On a quarterly basis the Company will provide the Union with a list of jobs held by enrollees on the Medical Management Program at the onset of their illness.

XVIII. SAFETY AND HEALTH

117. The Company, its managers and supervisory staff recognize the priority and need for an effective structured safety program to provide safe working conditions for all its Employees covered under this Agreement.

The Company agrees at all times to endeavor to maintain the plant and its equipment in a safe and sanitary manner. The Union agrees to support the Management in enforcing all regulations pertaining to safety and the use of safety equipment.

The Union agrees that such safety equipment as is available shall be a standard requirement on any job. Employees may purchase safety items from the Company storeroom at cost plus transportation. Other items may be purchased at our cost plus 10% plus transportation.

The Company agrees to provide clean, sanitary and adequate cafeterias, lockers and locker rooms, including lavatories for all Employees.

The joint safety program is designed to address all health and safety working conditions within the plant and both parties will constructively work together to improve the safety of the facility endeavoring to eliminate all safety hazards and unsafe working conditions or practices. By agreement of both parties, outside consultants may be hired to assist the parties in determining the specific solutions to health and safety problems within the Plant.

(a) Responsibility: The Company agrees that it has the sole responsibility to provide a safe work place and to correct safety hazards, and that nothing in this Agreement shall imply that either the Local or the International Union has undertaken or assumed any portion of that responsibility.

(b) Safety Committee: For the purpose of advising and assisting the Company in the performance of its safety obligations and to facilitate the discovery and remedying of safety hazards, a joint Employee-Management Safety Committee shall be established, in accordance with the following:

(1) The membership of the Safety Committee shall consist of six (6) Employee representatives designated by the Local Union subject to replacement under such circumstances and conditions as the Local Union may determine, and six (6) representatives designated by plant management (one of whom shall be the person in charge of maintenance at the plant), and subject to replacement under such circumstances and conditions as the plant management may determine. By agreement the number may be reduced to two (2) persons for each party.

(2) The Safety Committee shall convene once a month and at such other times as the Committee shall determine in order to carry out its functions as set forth in this Article XXVIII. The duties of the Committee shall include the review and investigation of safety practices and rules and health and safety conditions in the plant and the handling of safety complaints. At least one Employee member and one Management member, unless the Committee decides on a larger number, will be permitted to accompany government inspectors on a plant inspection tour. Committee members will be permitted to make their own inspections of the plant conditions as are reasonably needed (provided that this shall not be abused), subject to such controls as the Committee may impose. Working hours lost by Employee Committee members in the performance of their duties as members of the Committee shall be compensated by the Company at their regular hourly rates.

(3) The Safety Committee shall decide all health and safety complaints with right of appeal to arbitration.

(4) The Company shall take minutes of the Joint Safety Committee meetings and promptly furnish copies of such minutes to the Packinghouse Division of the International Union, Local Union and to the Employee members of the Safety Committee.

(5) The Company will pay lost working time amounting to a total of three (3) days per year for Employee Committee members to secure training or attend seminars in Occupational Health and Safety, which may include a

seminar at a Midwest university. The above applies to safety training or seminars scheduled by management and does not apply to safety meetings or seminars scheduled by the Local or International Union.

(6) A designated Union member of the Safety Committee and the Company's Safety Director shall be notified promptly of the occurrence of any accident resulting in serious injury to an Employee, and shall be permitted to investigate the accident immediately.

(7) The parties agree to exchange and review all safety and health information through the joint Safety Committee, including but not limited to:

- (a) written reports of safety and health consultants;
- (b) upon request for a specific accident, a copy of accident reports filed by the Company on a weekly basis;
- (c) a copy of the recordable injury and illnesses list (OSHA 200's) on a weekly basis.
- (d) a copy of all Accident Investigation Forms #1229.

(8) The Company will furnish the Union committee a report identifying safety issues, which have previously been reported, as well as their status; whether that be completed, or carried as an inventory item to future months.

(9) The Company will provide First Aid and CPR training for Safety Committee members as classes are scheduled at the facility or elsewhere, at the Company's discretion.

(c) Procedure for Correcting Hazards:

(1) In the event an Employee detects what he believes to be a hazard to health and safety in his working area, he shall have the right to contact his immediate supervisor or the plant Safety Director, who, if in agreement with the Employee, shall take immediate action to eliminate the hazard.

(2) If the Employee believes that the hazard has not been eliminated, such Employee shall have the right to contact an Employee member of the plant Safety Committee, who shall then bring the matter before the Safety Committee.

(3) If any two members of the Safety Committee believe that the hazard has not been eliminated within a reasonable time, either of such members may contact either the Corporate Manager of Safety (in the case of a management member) or the Union National Safety Representative (in the case of an Employee Representative). Either of these representatives shall promptly contact the other representative and they shall attempt to resolve the problem; each representative individually, or the two representatives jointly, may elect to travel to the site of the suspected hazard and make such examination as he or she deems necessary.

(4) If the Union National Safety Representative believes that the hazard exists and that it has not been eliminated with reasonable promptness, such representative shall have the right to notify the Packinghouse Division of the International Union. The Packinghouse Division may, after notifying the Corporate Labor Relations Director of the Company and allowing a reasonable opportunity for consultation and corrective action, present a written grievance for submission to immediate arbitration.

(5) The Union National Safety Representative shall be an officer or steward of the Union at the plant and will be compensated for work time lost in the performance of the duties of the position.

(d) Information and Training:

(1) The Company shall provide such training programs as are reasonably necessary to assure that each Employee, in connection with his respective job, is adequately trained in the precautions and procedures required for safety and maintenance, handling and use of facilities, equipment, machinery, chemicals and apparatus.

(2) The Company shall provide to the Local Union a list of all known hazardous substances and processes in use in the plant, giving the chemical name and trade name of each, and stating the known dangers and harmful

effects of each and the known threshold levels of measurements or other factors which may give rise to such dangers or effects.

XXIX. PLANT CLOSING/SEVERANCE ALLOWANCE

118. When Paid: Employees shall be eligible for severance pay, in accordance with this Article, in the event of a plant division or department closing. This provision does not apply to employment fluctuations as a result of business cycles or other business conditions which may impact employment levels on a short-term basis. Severance pay shall also be paid to Employees who remain continuously in a laid off status for one year or more as the result of a department, division, or plant closing.

Severance shall not be paid to the following employees:

- (1) To employees with less than five (5) years of continuous service at the time of the plant, division or department closing.
- (2) To Employees who have been discharged for just cause or who have resigned from the employment of the Company prior to the date of closing.
- (3) To any Employee who refuses to use his or her seniority to maintain employment within the plant. Employees on voluntary lay off must also exercise their seniority and return to active employment within one year of any closing announcement.
- (4) To any Employee during the first year of lay off status following a department or division closing. Should such individuals eventually become eligible, this lay off period shall not be credited towards service time for the computation of severance pay. Should total cessation of all operations without plans for reopening be announced by the Company, severance payments will be made within sixty (60) days of such closing.
- (5) To any Employee who has a pension option which would provide him or her an unreduced pension benefit the first of the month following the date of closing.

119. Method of Computing Severance Pay: In order to reflect the fact that severance pay is earned during periods of employment with the Company and is payable with respect to such service, the amount of severance pay shall be computed as multiple equivalents of weeks of wage times full years of continuous service in accordance with the schedule shown below. Payments are to be computed on the basis of forty (40) hours per week at the Employee's most recent classification rate.

5-10 years of service	1 week per year of service from date of hire
11-20 years of service	1-1/2 weeks for years between 11-20 (in addition to those earned between 5-10 years of service.)
Over 20 years of service	1-3/4 weeks for each year over 20 (plus weeks earned for years 5-20)

120. Payments: The amount due under this allowance shall be as follows:

- (1) If less than the equivalent of four weeks pay -- in one lump sum.
- (2) Amount over a total of four weeks pay -- weekly installments of full wages until the total amount is exhausted. The Employee, at his option, may elect to receive such amount in a shorter period of time or in one lump sum.
- (3) In the event of death, any unpaid balance shall be paid to beneficiary of the Group Life Insurance Policy.

121. Termination of Rights: Employees accepting severance pay shall have no further rights or service credits under the terms of this Agreement, except such rights thereunder as may have accrued prior to the effective date of severance.

122. Plant, Division or Department Closing: The Company shall give notice in writing to both the International and Local Union of the closing of the plant or a department or division of the plant, at least ninety (90) days prior to such

closing. An Employee who was on the active payroll of the plant on the date of such a notice or at any time thereafter, excluding temporary replacements, and who is permanently separated due to the Company executing the closing prior to expiration of the aforesaid ninety (90) days shall be paid eight (8) hours pay at his regular basic hourly rate for each day Monday through Friday, between the date of his termination as defined above and the date of expiration of said ninety (90) days. The Company will not make lay offs in anticipation of the issuance of a notice of plant, division or department closing pursuant to the foregoing for the purpose of avoiding the pay herein provided. If Employees are laid off within a period of forty-five (45) days before a notice of closing, the Company will, upon request, furnish the Union information and records bearing upon the reason for such lay offs, and if it shall be established that such lay offs were made in anticipation of the notice of closing for the purpose of avoiding the pay herein provided, the laid off Employees shall be entitled to the same rights under this Paragraph as if they were on the active payroll on the date of the notice of closing the plant or a division or department thereof.

123. New Plants:

- (a) If the Company builds, purchases or leases a new plant within the same labor market area as a presently existing plant covered by this Agreement, the Company will allow Employees at the presently existing plant to transfer into the new plant upon application before hiring any new Employees to fill positions in the new plant.
- (b) In the event the Company should, during the term of this Agreement, sell or lease or otherwise transfer the ownership or operation of the Sioux Falls plant, all provisions of this Agreement shall continue in full force and effect, and the Company will include in the sales agreement, lease or other documents effectuating the transfer, a provision requiring the purchaser, lessee or transferee to accept and be bound by this Agreement.

XXX. WORK BY SUPERVISORS

124. Foremen, supervisors, and Employees not in the bargaining unit shall not perform work on an hourly rated job classification, it being the intention of the Company that supervisors should not perform bargaining unit work. However, this limitation shall not apply in the event of:

- (a) The unavailability of regular Employees to do the work available;
- (b) Instruction or training of Employees or the testing of new equipment, materials or production methods, and;
- (c) Emergencies, occasioned by breakdown, mechanical failure, or some similar event.

It shall not be the intention or practice of the Company to allow supervisory Employees to work in the event of unavailability of regular Employees if there are Employees on lay off status who are qualified to do the work available; and as soon as it becomes apparent that it shall be necessary for supervisory Employees to do bargaining unit work, the Company agrees to immediately contact the Employees on lay off and shall advise Union representatives that this procedure is being utilized. Employees who are called back to perform this work shall be considered to be replacement Employees for purposes of this Agreement.

XXXI. MISCELLANEOUS

125. The Local Union and the Company officials shall review existing jobs and designate certain jobs as light duty for Employees who return to work after an injury or illness and are expected to be unable to fully perform their normal job for a substantial period of time. This shall not affect the right of management to modify its operations in accordance with Article VI. Employees requiring light duty assignments will be assigned first to available light duty within their department, but may also be assigned to available work in other departments if none exist in their own department. Employees with a permanent bid job shall receive their bid grade rate until the second doctor's visit. At that time, they shall receive the established rate for the work performed.

126. Whenever the masculine gender is used in this Agreement, it shall refer to both male and female Employees.

127. Disabled Employees: Any Employee who is unable to work due to sickness or injury shall not lose his (or her) seniority during such period of disability, provided that such Employee reports to the Human Resource Department

once every thirty (30) days and furnishes written details if so requested. The Company shall have the right to have examinations of disabled Employees conducted by a physician of its own selection.

128. Seniority Lists:

- (a) A list of all Employees in the bargaining unit arranged according to their continuous plant seniority will be kept available in the Personnel Department.
- (b) The Company will compile seniority and lay off lists, by department, each week and deliver copies to the Union.

129. Long Term Rehabilitation Program:

During negotiations the parties revised and agreed to new language and a list of positions for individuals qualifying for a restrictive duty job under this program. The basic guidelines are as follows:

- (a) The applicant must furnish a doctor's statement stating that they are unable to perform their own job, but may be able to do light duty work.
- (b) The applicant must have a minimum of ten years of plant service to qualify for a permanent restrictive duty position.
- (c) There must be a suitable job available from the list of jobs that are in the program.
- (d) The parties agree that this program is administered by the Human Resource Department, but that each has a responsibility to meet regularly to review job requirements of new or changed jobs in order to provide the maximum accommodation for those disabled Employees medically qualifying for the rehabilitation program.
- (e) Employees under this program shall be considered as regular Employees for whom a regular work week is intended.

XXXII. HOURLY EMPLOYEES RETIREMENT SAVINGS PLAN

130. The Supplemental Agreement on the Hourly Employees Retirement Savings Plan attached to this Agreement as Appendix E will be continued in effect for the term of this Agreement.

XXIII. LIFE INSURANCE

131. The Life Insurance Plan described in Appendix C will remain in effect for the duration of this Agreement.

XXIV. HEALTH CARE

132. The Hospital-Medical-Surgical Insurance Plan described in Appendix D, attached to this Agreement, will remain in effect for the duration of this Agreement.

XXV. COVERAGE

133. This contract and any written signed addendums or letters of understanding hereto, represents the entire Agreement between the parties and no other agreements or past practices are binding upon either party hereto with respect to wages, hours or working conditions of the Employees covered hereby and may not be considered by an arbitrator in the interpretation of this Agreement.

- (a) It is understood that upon implementation of this Agreement, the present employees will retain all service rights and seniority as defined in the current Labor Agreement or at law.

XXXVI. TERM

134. Except as otherwise provided, all of the provisions of this Agreement shall take effect April 26, 2003, and shall remain in effect until midnight, April 27, 2007, at which time it will terminate and no provisions of this Agreement will survive this termination.

JOHN MORRELL & CO.
(the Company)

By Henry W. Morrell
Title Vice President
By David L. Johnson
Title President of HR
By Amy Dykstra
Title HR Mgr.
By _____
Title _____

DATE: Sept 23, 2003

UNITED FOOD AND COMMERCIAL
WORKERS INTERNATIONAL UNION,
AFL-CIO, AND ITS LOCAL 304A,
(the Union)

By Sam T. Green
Title President
By James C. Brown
Title SECRETARY TREASURER
By Mark Glickett
Title Vice-President / Business Agent
By Robert J. Sore
Title Vice-President
By Sam Atman
Title BUSINESS AGENT
By Thomas J. Hanli
Title Vice President

DATE: Sept. 23, 2003

Michael McConnell
Vice President
Don Tot
Vice President
Monte R. Martell
VICE PRESIDENT

APPENDIX A

MECHANICAL DIVISON

- A. Engine & Boiler
- B. Electrical
- C. M. Roustabout
- D. Machinist
- E. Millwrights
- F. Paint Gang

- G. Machinists, Storeroom, Clerk

APPENDIX B

FRESH PORK AREAS

Aphis-Helper-Hd. Inspector	1
Bone Butts	1
Box Hock - Feet	1
Box Machine Helpers	1
Box Neckbone Trim/Inspect	1
Box Pork Tails	1
Box Vac Pack	1
Box/Close/Ice Loin Box	1
Boxer	1
Break Chitterlings	1
Cap Horns, Butts and Ribs	1
Cut Bungs	1
Cut Jowls-Sows	1
Cut Out Kidney	1
Drive - Public Yards	1
Drive Hogs	1
Drive to Kill	1
Expose Kidney	1
Fat Conveyor Retrim	1
Fd. Stomach Strickler	1
Feed Cold Cooler Chain - Mule	1
Feed Derind Line	1
Feed Ham End Saw	1
Feed Loin on Belt	1
Feed Vac Pack Machine	1
Floor Janitor	1
Floor Sweeper	1
High Bench/Trim Picnic	1
Hog Cooler Janitor/Pick Up Hogs	1
Ice Box Hams Bellies	1
Index Hogs Down	1
Index Hogs Up	1
Label Vac Pack	1
Make Boxes-Palletize-Hock/Feet/N Bone	1
Make Butt Boxes	1
Make Loin Box & Vats/Cover Vat	1
Make Rib Boxes	1
Make Vac Pack/Conversion Boxes	1
Make Vats	1
Make Vats/Box Picnics	1
Mark & Position	1
Neck Scrubber	1
Pack Chitterlings	1
Pack Livers/Hearts/Stomachs	1
Pack Off Head Meat	1
Pack Tail/Trim Hams	1
Pack Trimming/Scale/Palletize	1
Palletize Butts/Ham Shl Ends Bxs	1
Palletize Rib Boxes-Tape-Close	1
Pick Up Hogs	1
Pull Melts	1
Raise Tails	1
Remove Spreader Hooks Mark Ft.	1

Run Head Hooks	1
Save Brains	1
Save Ears	1
Save Fat Back Wrappers	1
Save Pate	1
Save Pituitary	1
Scale Loins	1
Scale Vac Pack	1
Scale/Ice/Close Butt/Ham/Shl End Bxs	1
Scale/Ice/Hock-Feet-N Bones	1
Skirt Removal	1
Sliding Loins	1
Spin Chitterlings	1
Split Fat Back	1
Split Heads	1
Stack Loin Boxes	1
Stack Off Boxes	1
Stack Off/Feed Chute	1
Stack/Box Reg Trim	1
Stacker	1
Strip Tenders/Pack	1
Stun Hogs	1
Tattoo	1
Temperature & Leakers	1
Tend Fat Backs & Skinner	1
Toss Viscera-Lungs	1
Trim Dirty Hogs	1
Trim Front Feet	1
Trim Jowls	1
Trim Livers-Giblet	1
Trim Necks	1
Trim Tongue	1
Trolleys	1
Truck Bones	1
Turn Bellies	1
Turn Hogs & Rest. 1	1
Vac Pac Bagger	1
Vac Pack Stuffer	1
Vat Dump Operator	1
Yard & Tattoo	1
Barb Saw/Cut Down Saw/Make Boxes/Pack Ribs	2
C/O Heats & Lungs	2
Cripple Operator	2
Cut Off Hind Feet	2
Cut Off Jowls	2
Cut Off Livers	2
Cut Off Stomach	2
Cut Spermatric Cord	2
Drop Bung	2
Feed Belly Roller	2
Feed Chain-Pull Toes	2
Feed Chitterlings	2
Grade/Cut Dn Back Rib	2
Hang Heads-Sows	2
Head Meat Trucker	2
Palletize & Vac Pack/Ice & close	2
Pull Front Toes-Ring	2

Scale Loins	2
Scale/Ice Close Rib Boxes	2
Scale/Palletize Ribs	2
Scraping Bungs Hog Kill	2
Shave Flanks	2
Shave Hams	2
Shave Shoulder	2
Shave Sides	2
Skin Patch Picnic	2
Sort/Mule/Rail Deep Chill Hogs	2
Tractor Operator	2
Trim Bellies Derind Line Whizard Knife	2
Trim Ears	2
Trim Jawbone & Lip	2
Trim Loin Wiz	2
Trim/Rob Bellies	2
Truck Operator	2
Vat Washer/Mule Man	2
Whizard Gullets	2
Band Saw/Bone Butts	3
Button Bone Removal	3
Cap Machine Operator	3
Cut Off Jowl Tips/Bone Butts	3
Elevator Operator/Mule/Scale Out	3
Feed Dehairer	3
Flap/Shank Break Knuckle Bones	3
Flip Grade & Wrap Butts	3
Front Spots	3
Grade and Chop Ribs	3
Grade/Cut Down Hams/Collar	3
Grade/Pack Loins/Remove Glands/Skirt	3
Hydra-Sive/Thyroid	3
Inspect Trim Loins	3
Knife Sharpening	3
Lite Utility 4 th Floor	3
Lite Utility 6 th Floor	3
Lite Utility Conversion	3
Loin Line Utility 2 nd Floor	3
Mule Butts/Ribs/Vats	3
Mule Driver (Feed) Floor 2 Conversion	3
Mule Driver (Finished) Floor 2 Conv.	3
Mule Picnic/Bones/Skins/Scale/Record Product	3
Mule Scale to Conversion/Elevator	3
Mule/Elevator Operator/Scale Kill	3
Mule/Scale/Ice Bellies	3
Mule/Scale/Ice Hams	3
Raise Feather Bone	3
Remove Belly Strip	3
Remove Glands/Skirt	3
Retrim Heads	3
Retrim Skulls	3
Retrim Snouts	3
Rob Picnic Heart	3
Saw Brisket	3
Saw Brisket-Sows	3
Scale and Palletize Conversion Room Fl 8	3
Scale/Mule Driver/Figure Yields	3

Scale/Palletize Conversion	3
Scaler	3
Scribe Loins	3
Skin Butts	3
Split Hog/Feed Chain & Clean Hogs	3
Trim Neck Bones	3
Trim Wiz Fat Shl	3
Vac Pack Operator	3
Vacuum Pack Scaler/System 36 Operator	3
Wiz Trim Loin Fat	3
Wrap-Pack-Butter Fly Loins	3
Light Utility, Hog Kill	3 + .50
8300/8600 Operator	4
Band Saw Loins/Pack Loins	4
Bone Ham Ends	4
Box Former Operator	4
Butt/Picnic Split	4
C/O Heads-Tongues	4
Cheek Heads	4
Feed Hock/Foot Cut Off Saw	4
Grade/Cut Down Bellies/Trim	4
Hang Sow Heads/Etc.	4
Head Hogs	4
Head Hogs-Clipper	4
-Hog Drop/Ham Cut Off	4
Knife Room	4
Mark Snouts Hog Kill	4
Mark/Pull Tender/Remove Skirt Meat	4
Open Hogs	4
Pull Pancreas Glands	4
Put in Spreader Hook	4
Remove Back Ribs	4
Remove Blade Bones	4
Scald Hogs Tub	4
Shackling Hogs	4
Shoulder Chop	4
Skin Picnic	4
Split Hogs/Etc	4
Split Neck-Sows	4
Stick Hogs	4
Temple-Feed Puller	4
Trim Loin/Draw Knife	4
Trimming Butts	4
Turn Hogs-Garn Table	4
Turn Hogs-Sows	4
Lite Utility Cry-O-Vac 2 nd Floor	4 + .25
Baeder Room Operator	5
Bone Picnic	5
Chisel Heads	5
Cut Cord-Gambrel Table	5
Final Rail	5
Hair Rail	5
Post-Mortem Work Up	5
Pull Leaf Lard	5
Pull Loins	5
Raise Neck Bones	5
Rib/Meeter Lean/Janitor	5

Rounding Heads Hog Kill	5
Save Heart Valves	5
Saw Off Back Bones	5
Skin Forehead	5
Skin Heads	5
Snatch Guts	5
Split Hogs	5
T&A Clerk	5
Utility 5 th Floor Pork	5
Utility 6 th Floor Cut	5
Utility 8 th Floor Cut	5
Utility Conversion Room	5
Utility P-M Work-up Aphis Helper	5
Utility Post Mortem	5 + .25
Utility Hog Kill	5 + .50

PROCESSED MEAT AREAS

JOBS	GRADE
Add Loads	1
Bacon Side Scalers	1
Box Boneless Hams	1
Box Prepack	1
Box Vac Lines	1
Boxing Bacon	1
Bring in Meat Canning Casing (Mule Driver)	1
Casing in Canning	1
Cut Roto	1
Cut Tails Smoke Meat Pack	1
Decomb	1
Deform Sausage	1
Delkon-Box Maker	1
Feed Slicer	1
Flap and Shank	1
Fold Bags Pioneer	1
Gunther Brand & Stuff	1
Gunther Clipper	1
Hang	1
Honey Ham Clip Socks	1
Honey Ham Open Socks	1
Inspect & Load Pullman & Auto Line	1
Janitor	1
Label Boxes Canning Casing	1
Label on Case Line or Deform Line	1
Lid Molds Pioneer	1
Load Baskets/Sausage	1
Main Meat Line Smoke Meat Pack	1
Mark Boxes and Sausage	1
Mark Boxes and Supplies	1
Meat Pan - Utility	1
Open Socks Honey Ham	1
Pack Cartons on Devro	1
Pack Jars Glass Line	1
Packing Weiners Jullian Line	1
Pail Line or Block Line Helper	1
Palletize/Mark Boxes	1

Press	1
Pull in Meat Smoke Meat Pack	1
Push Trees/Unload blast	1
Scoop Bulk	1
Soak Socks	1
Spring Molds Pioneer	1
Sterilize and Fold Pioneer Line	1
Sterilize Auto Filler	1
Sterilize Pans Deform Pioneer	1
Strapper Smoke Meat Pack	1
Taper	1
Tree Wash/Smoke Meat/Curing	1
Trim Hams/Case Produce	1
Truck Vats	1
Turn Meat Auto Filler	1
Wash Trees and Stick Sausage	1
Wash/Haul Vats	1
#1Filler	2
#4Ctn Former & Filler	2
1#Ctn Former	2
Adco Skinless	2
Baggers Smoke Meat Pack	2
Bag-Rotomatic/Floor 7	2
Box 902/855	2
Box Jullian System	2
Box Kartridge Pak	2
Box Slicing Room	2
Box/Palletize Skinless Link	2
Bulk Scale & Palletize	2
Casing	2
Closing Machine Pullman Line	2
Curing Belly Pump	2
Cut/Saw/902/855	2
D. Linker	2
Decomb & Press	2
Defrost	2
Derind Line	2
Dry Salt Hooper 6	2
Dry Salt Pkg	2
Dry Salt Ship	2
Extruder	2
F.D. -9 Operators	2
Fab/Shank Seam Final Inspect/Rag Ham Bone	2
Fairbanks/Prepack Floor 7 Sausage	2
Feed Bellies	2
Feed Ham Line	2
Forklift & Deliver to Canning Lines	2
Forklift Bellies Curing	2
Forklift Mule Pioneer Line/Sausage Deform	2
Forklift/Mule Operator Ham Bone/SI Bcn	2
Frank-a-Matic Operators	2
Grinding Room Forklift Operator	2
Hang Ham Line	2
Kartridge Pak	2
Knock Springs Deform Pioneer	2
Label and Grade Smoke Meat Pack	2
Layout Scale & Palletize Bacon	2

Layup 8620 Lines	2
Mold Wash/Saus	2
Mule Operator Sausage Grinding Room	2
Mule Operator/Forklift Sm Meat Wash	2
Mule Pioneer Deform Line	2
Palletize Kartridge Pak	2
Palletize Weiners and Smoke meat	2
Pressure Pack Ham Line	2
R.70	2
Ramp/Mule/Forklift	2
Revolvo Clip	2
Rotomatic Operator Sausage	2
Run Lard	2
Scaler Cng	2
Scaler/Devro/Deform Saus/Cng Deform Pioneer	2
Scaling Machine Canning	2
Set Up Sausage	2
Shipping Clerk	2
Slicer/Scale Liver Line Sausage	2
Spice	2
Storage	2
Stuff Ham Line	2
Stuff Pullman Line Canning	2
Stuffer	2
Treepusher/Fi 7 Saus	2
Trimmer/Whizard Honey Line	2
Unload Trucks/Mule/Forklift	2
Whizard Knife	2
Cager Smoke Meat Wash	3
Cap Machine/Smoke Meat Pack	3
Comb and Hang	3
Defatters Ham Bone	3
Elevator/Mule Driver	3
Elevator/Mule/Load Canning/Saus	3
Fabricate Finger & Butts	3
Feed Tux Machine	3
Grasseli/Membrane Ham Bone	3
Grinder	3
Ham Graders	3
Ham Wrappers	3
Hang	3
Hobart Blender-Skinless Pork Saus Line	3
Honey Ham Layup	3
Horn Smoke Meat	3
Layout Grader/Paper Catchers	3
Machine Operators 902 Sausage/855	3
Mule Supplies Inventory Bacon/SM Pack	3
Packers (6 th Flr Slicing Rm) Put Meat in Pockets	3
Peeler/Jullian Line	3
Quadramatic	3
Refine	3
Shirrmatic Operator	3
Skimmers Ham Bone	3
Spice Room Operator/Inventory/Supplies	3
Supply-Jullian Line	3
Votator Operator	3
Blast Chill Sausage	4

Blender Operators Sausage	4
Boiled Ham Cook	4
Bologna Shirmatic	4
Challenge Operator	4
Chopper Operator Sausage	4
Closing Machine - Auto Filler Canning	4
Cook Mother Goose	4
Cook/Canning	4
Early Set up Sausage Mfg	4
Forklift & Scale Bellum Metsco	4
Formax Operators Floor 6 Sausage	4
Frozen Food Dicer Operator Canning	4
Hooper/8620/8300 Operator	4
Inside & Knuckles Fabricate Ham Bone	4
Mach Bellum Metsco Operator	4
Operate Maraflex Julian Line	4
Operate Maraflex Slicing Room Saus	4
Operator-Maraflex/Sureflow/618 Semi Rigid	4
Peal Meat Slicing Sausage	4
Pioneer Operator Canning Department	4
Sausage Cook and Wash Pans	4
Sausage Storage/Supply Slicing RmP.M.	4
Saw Operator Case Ready	4
Scale Trees SM Wash	4
Slicer Operator Bacon	4
Slicer Operator Sausage 2100	4
Sureflow Operator Bacon	4
T Bar-Julian Line	4
Utility Sausage	4 + .25
Boner Ham Bone	5
Pickle Makers	5
T&A Clerk	5
Utility Ham Bone	5
Utility Sausage	5 + .25
Smokehouse Operators – Building 116	6
Smokehouse Operators – Building 6/40	6
Julian Smokehouse Operators	6
Variable start Utility Operators for Bldg. 116	6
Smokehouse Operators	
Variable start Utility Operator for 6/40 and Julian	6
System Smokehouse	

GENERAL PLANT AREAS

JOB	GRADE
Deliver mail/Prep Cook/Locker Matron/Janitor	1
Dry Ice Hauler	1
Freezer Coil Pullers/Loaders	1
Janitor	1
Lard Lowarator	1
Locker Room Janitors	1
Matron/Machine Dispenser	1
Office Cafeteria Janitor/Utility	1
Pallet Repair/Wash Pallet	1
Plant Café Janitor/Dishwasher	1

Press Clothes	1
Sewing machine Operator	1
Unload Purchased Meat	1
Utility/Server/Cashier Relief Fl 6 Café	1
Utility/Server/Dishwasher Fl 6 Café	1
Café Utility/Inventory/Food Delivery	2
Equipment Wash	2
Inventory Clerk	2
Mule Drivers	2
Utility General Expense	2
Yard Operator/Roustabout	2
Broth Job	3
Cashier Company Meat Store	3
Condemned Room (Night Cleanup)	3
Elevator Operators/Mule/Load & Unload	3
Garbage/Supplies/Load & Unload/Elevator Op	3
Hog Dehair (Night Cleanup)	3
Hyster Checkers/Loaders	3
Inedible Shipping/Recvng/Hydraulizer/Clerk	3
Night Cleanup Jobs	3
Office Café Cashier/Cook Helper	3
Order Picker/Picker Markers (Cnd Meat/Cheese/Etc)	3
Receiving Clerk Forklift	3
Unload and Scale Purchased Meat	3
Utility/Cashier Floor 6	3
Washing Machine Operator	3
Night Cleanup Utility	3 + .25
Asst. Head Cook Floor 6	4
Blood Dryer	4
Blood Plasma Operator	4
Dupps Cooker	4
Edible Rendering & PDPFT or PDCB	4
Edible Rendering (Inc Setup and Cleanup)	4
Forklift Sr Supply Clerk in charge of labels	4
Heavy Equipment Operator (Roustabout)	4
NCU 5 Trim West Neckbones/Lean Complex	4
NCU 5&40 Rietz Blender, Wolfskin, Foldenauer	4
NCU E. Side 8 Cut	4
NCU General Utility	4
NCU Utility Pork Cut	4
NCU Utility Sausage	4
NCU W. Side 8 Cut	4
NCU West Side 8 Conv Horn Tbl Bng Line	4
Supply Clerk Floor 7	4
System 36 Clerk/Picker Marker	4
Warehouse Control	4
Cafeteria Head Cook Floor 6	5
Inedible Utility*	5
Inventory Control/Warehouse Control	5
Night Cleanup Trainer	5
Senior Supply Clerk Floor 7 (Day Shift)	5
T&A Clerk	5

*This position will not receive the \$.25/hour utility bonus unless another grade 5 position is added to the inedible area in the future.

APPENDIX C
LIFE INSURANCE

The Company provides life insurance coverage in the amount of \$10,000. Employees may purchase an additional \$10,000 of supplemental life insurance for \$.51 per week. The rate shall be constant until 12/31/2005. You are eligible for life insurance the first of the month following 6 months of service.

If you retire after age 55 with 20 or more years of service, you will be provided with \$1,000 of Company-paid life insurance.

APPENDIX G

Mechanical/Electrical Career Fields

Mechanical/Electrical Trainee

Prerequisite: 65 Percentile test grade on Bennett Mechanical test.

Normal Training time: 12 months

Required Course of Study:

Monthly Safety Meetings	12 hours
Industrial Safety and Health	20 hours
Chemical hazards	10 hours
Blueprint Reading	20 hours
Using Mathematics	21 hours
Basic Electricity	30 hours
Mechanical Concepts I	21 hours
Mechanical Concepts II	36 hours

Electrical/Mechanical Trainee

Prerequisite: 65 Percentile test grade on Bennett Mechanical.

Normal training time: 12 months

Required Course of Study:

Monthly Safety meetings	12 hours
Industrial Safety and Health	20 hours
Chemical hazards	10 hours
NEC Blueprint Reading	20 hours
Using Mathematics	21 hours
Basic Electricity	30 hours
Mechanical Concepts I	21 hours
Mechanical Concepts II	36 hours

Mechanical/Electrical Mechanic

Prerequisite: Satisfactory completion of Mechanical/Electrical Trainee courses.

Normal training time: 12 months

Required Course of Study:

Monthly Safety Meetings	12 hours
Welding - Arc Welding, Cutting, Layout	40 hours
Applied Electricity	30 hours
Plumbing Maintenance	26 hours
Machine Shop I	36 hours
Machine Shop II	40 hours

Electrical/Mechanical Mechanic

Prerequisite: Satisfactory completion of Electrical/Mechanical Trainee courses.

Normal training time: 12 months

Required Course of Study:

Monthly Safety Meetings	12 hours
Applied Electricity	30 hours
National Electrical Code II	40 hours
Industrial Motor Controls	40 hours
Tools and Materials	30 hours
Three-Phase Power Circuits	30 hours

Mechanical/Electrical Senior Mechanic

Prerequisite: Satisfactory completion of Mechanical/Electrical Mechanic courses.

Normal training time: 12 months

Required Course of Study:

Monthly Safety Meetings	12 hours
Equipment Installation	10 hours
Rigging	14 hours
Basic Hydraulics and Lab	30 hours
Basic Pneumatics	22 hours
Industrial Motor Controls	40 hours
Maintain and Repair Electrical Systems	16 hours
Sheet Metal	30 hours
Tubing and Piping	10 hours

Electrical/Mechanical Senior Mechanic

Prerequisite: Satisfactory completion of Electrical/Mechanical Mechanic courses.

Normal Training time: 12 months

Required Course of Study:

Monthly Safety Meetings	12 hours
Transformers and AC Circuits	30 hours
Developing Troubleshooting Skills	20 hours
National Electrical Code III	30 hours
Basic Hydraulics and Lab	30 hours
Welding - Arc Welding, Cutting and Layout	40 hours
Inspection and Maintenance of Electrical Power Equipment	20 hours

Mechanical/Electrical Master Mechanic

Prerequisite: Satisfactory completion on Mechanical/Electrical Senior Mechanic courses.

Normal training time: N/A

150 hours of employee's choice in:

Monthly Safety Meetings	12 hours
General Steam In the Power Plant	10 hours
Introduction to Water Technology	10 hours
Install/Replace Bearing & Shaft Seals	10 hours
Semiconductors	20 hours
Digital Logic Systems	10 hours
How Computers Function	10 hours
Pump Installation and Maintenance	10 hours
Electric Motors	21 hours
National Electrical Code II	40 hours
National Electrical Code III	30 hours
Developing Electrical Troubleshooting Skill	30 hours
Operating and Maintaining Three-Phase Systems	30 hours
Welding - Oxy - Acetylene Cutting and Brazing	30 hours
Lathe I Lab	40 hours
Welding - Gas Arc (MIG) Wirefeed	30 hours
Construction Technology	52 hours
Lift Truck Maintenance	30 hours

Electrical/Mechanical Master Mechanic

Prerequisite: Satisfactory completion of Electrical/Mechanical Senior Mechanic courses.

Normal training time: N/A

150 hours of employee's choice in:

How Computers Function	10 hours
Input/Output Devices II	10 hours
How Power Plants Work	10 hours
Generating Steam In The Power Plant	20 hours
Introduction to Water Technology	10 hours
Pump Installation and Maintenance	10 hours
Installation/Maintaining Tubing and Hose System	10 hours
AC Control Wiring I and Lab	30 hours
Welding - Arc Welding II (Stick Welding)	21 hours
Programmable Controllers I	30 hours
Programmable Controllers II	30 hours
Machine Shop I	36 hours
Plumbing Systems Maintenance	30 hours
Developing Pneumatic Troubleshooting Skills	30 hours

Mechanical/Electrical Lead Technician

Prerequisite: Satisfactory completion of Mechanical/Electrical master mechanic courses and one year of experience as a Mechanical/Electrical Master Mechanic.

Normal training time: N/A

170 hours of employee's choice in:

Monthly Safety Meetings	12 hours
Install/Replace Bearings and Shaft Seals	10 hours
Sheet metal	30 hours
Welding - Arc Welding, Cutting, Layout	20 hours
Welding - Oxy-Acetylene Cutting & Brazing	15 hours
Basic Electrical	20 hours
Chemical Hazards	10 hours
Machine Shop Turning Operations	10 hours
Plumbing Systems Maintenance	20 hours
Mechanical & Fluid Drive Systems	10 hours
Maintenance of Mechanical Drives	12 hours
Introduction to Computers	12 hours
Advanced Mechanical Principles	20 hours
Quality Control Management	20 hours
Physics	20 hours
Leadership Skills	20 hours
Introduction to Water Technology	10 hours
Welding - Gas Arc (MIG) Wirefeed	15 hours

Electrical/Mechanical Lead Technician

Prerequisite: Satisfactory completion of Electrical/Mechanical master Mechanic courses, and one year of experience as a Electrical/Mechanical Master Mechanic.

Normal training time: N/A

170 hours of employee's choice in:

Monthly Safety Meetings	12 hours
Input/Output Devices	10 hours
Maintaining/Troubleshooting Computer Systems	10 hours
Mechanical and Fluid Drive Systems	10 hours
Install/Replace Bearing & Shaft Seals	10 hours
National Electrical Code Update	12 hours
Physics	20 hours
Transformers and AC Circuits	28 hours
Introduction to Computers	12 hours
Quality Control Management	20 hours
Leadership Skills	20 hours
Chemical Hazards	10 hours
Industrial Safety and Health	20 hours
Developing Electrical Troubleshooting Skills	20 hours
Electrical Skills	20 hours
Welding - Arc Welding, Cutting and Layout	20 hours
Welding - Oxy-Acetylene Cutting and Brazing	15 hours
Sheet Metal	30 hours
Digital Logic Systems	10 hours
Welding - Gas Arc (MIG) Wirefeed	15 hours
Introduction to Water Technology	10 hours

Appendix G

Electronic/Electrical Career Fields

Electronic/Electrical Technician

Prerequisite: 65 Percentile test grade on Bennett Mechanical test,

And

Minimum of two years Electrical/Electronic Accredited Technical School

Or Minimum of two years State Accredited Apprenticeship Training

Normal training time: 12 months

Required Course of Study:

Industrial Safety and Health	20 hours
Chemical Hazards	10 hours
Operating and Maintaining 3-Phase Systems	30 hours
Electric Motors	21 hours
Tools and Materials	30 hours
Programmable Controllers I	30 hours
National Electrical Code II	40 hours

Electronic/Electrical Senior Technician

Prerequisite: Satisfactory completion of E/E Technician courses,

and

65 Percentile test grade on Bennett Mechanical test,

Or

Completion of State Accredited 2 Year technical school and four years experience.

Normal Training time: N/A

150 hours of employee's choice in:

Introduction to Microprocessors	12 hours
Programmable Controllers II	42 hours
Programming Languages	40 hours
Micro-Computer Interfacing	68 hours
Mechanical Principles II	51 hours
Physics	50 hours

Electronic/Electrical Master Technician

Prerequisite: Completion of E/E Senior Technician courses,

and 65 Percentile test grade on Bennett Mechanical test,

or State Journeyman electrician's license and minimum of 5 years of experience.

or Completion of State Accredited 2- year technical school and 5 years experience.

Normal training time: N/A

150 hours of employee's choice in:

Developing Electrical Troubleshooting Skills	20 hours
Programmable Controllers III	34 hours

National Electrical Code III	40 hours
Three-Phase Power Circuits	30 hours
Computer Automated Manufacture	51 hours
Introduction to Computer Vision	30 hours
Robotics	51 hours
Transformers and AC Circuits	30 hours

Appendix G

Engine and Boiler Career Fields

Engine & Boiler Trainee

Prerequisite: 65 Percentile test grade on Bennett Mechanical test.

Normal training time: 12 months

Required Course of Study:

Chemical Hazards	10 hours
Emergency Response	24 hours
Understanding Basic Electricity and Electronics	20 hours
Selecting and Using Lubricants	14 hours
Using Mathematics	21 hours
Mechanical Concepts I	21 hours
Basic Electricity	30 hours
Operators Manuals	9 hours
Water Chemistry	14 hours
Boiler Operations	41 hours
Plant Physics	6 hours

Engine & Boiler Operator

Prerequisite: Satisfactory completion of E&B Trainee courses.

Normal training time: 12 months

Required Course of Study:

Developing Troubleshooting Skills	20 hours
Pressure Measurement	10 hours
Piping Systems	20 hours
Foundations of Measurement Instrumentation	10 hours
Developing Electrical Troubleshooting Skills	20 hours
Understanding The Operation Of Pumps	16 hours
Temperature Measurement	10 hours
Industrial Motor Controls	40 hours
Refrigeration Systems I	48 hours
NEC Blueprint Reading	20 hours

Engine & Boiler Engineer

Prerequisite: Satisfactory Completion of E&B Operator courses.

Normal Training time: 12 months

Required Course of Study:

Readyng Schematics and Symbols	20 hours
Understanding Basic AC Control Equipment	20 hours
Working with Controllers	10 hours
Operating and Maintaining 3-Phase Systems	20 hours
Introduction to Process Control	10 hours
Selecting and Maintaining Bearings	16 hours
Introduction to Industrial Rigging	10 hours
Pump Installation and Maintenance	10 hours
Refrigeration System II	43 hours
Welding - Arc Welding, Cutting and Layout	40 hours

Engine & Boiler Senior Engineer

Prerequisite: Satisfactory Completion of E&B Engineer courses.

Normal training time: 12 months

150 hours of employee's choice in:

Computer in Process Control	10 hours
Data Transmission	10 hours
Final Control Elements	10 hours
Installing & Maintaining Valves & Piping System	10 hours
Protection	
Flow Measurement I	10 hours
Flow Measurement II	10 hours
Electric Motors	21 hours
Programmable Logic Controllers	10 hours
Using Electrical Measuring Instruments	20 hours
Arc Welding Practices	10 hours
Introduction to Computers	10 hours
Input/Output Devices I	10 hours
Advanced Refrigeration	40 hours

Engine & Boiler Master Engineer

Prerequisite: Satisfactory completion of E&B Senior Engineer courses.

Normal training time: N/A

Required Course of Study:

Providing Electrical Protection and Safety	20 hours
Basic Hydraulics	20 hours
Programmable Controllers I	30 hours
How Computer Function	10 hours
Input/Output Devices II	10 hours
Beginning Lotus	6 hours

**Advanced Lotus
(To Be Determined)**

**6 hours
48 hours**

APPENDIX H

In accordance with Article VIII, Paragraph 19(b) of the Agreement, listed below are the skilled setup positions that shall be exempt from equalization of hours.

It is understood that changes in the operations, equipment, schedules, employee turnover and other business necessities may result in different operators being affected, as well as the number of positions and operators excluded.

The Company will notify the Union of its intent to change the below list and will meet for the purpose of discussing proposed changes prior to the implementation of any change.

Unless otherwise noted, all of the below jobs present affect one operator.

Processing - Equipment setup for Sausage Manufacture Areas

Hot Side Pork - Pork By - Setup Sterilizers, Machines, Tables,
Whizard Knives (two operators)
Hog Kill - Saws
Scalding Tub
Back of Kill Area

Cold Side Pork - Set up ham Skinner - Band Saws
Set up Derind Line and Skinner
Set up Fairbanks scale
Check all Rib Scales
Set up Fat Back Skinner
Picnic Skinner
Set up Scales - Tape Machine
Set Fairbanks - Scale Up
Loin Scales
Set up Butt Line
Set up Butt Skinners
Set up Saws
Set up Skinners
Set up Whizard Knives
Set up Vac Pack Machines
Set up Back Saws and Table
Set up North Boning Table - Whizard Knives
Set up West Table - Whizard Knives

Exhibit A

New departments shall be as follows:

- 1) Hog Kill/Pork By
- 2) Pork Cut Floor 8/Floor 6
- 3) Pork Cut Floor 8 Conversion
- 4) Pork Cut Floor 2 Loin Conversion
- 5) Pork Cut Floor 2 Loin Cry-O-Vac
- 6) Pork Trim to include Cap Room, blender, Beader, and Floor 4
- 7) Green Grade
- 8) Curing/Dry Salt
- 9) Lard Refinery
- 10) Smoke Meat Wash
- 11) Smoke Meat Pack
- 12) Sausage Manufacture
- 13) Sausage Cooler
- 14) Sliced Bacon
- 15) Canning
- 16) Ham Bone
- 17) Rendering
- 18) Stockyards
- 19) Café/General Expense/Laundry/Company Store
- 20) Roustabout/Yard and Plant/Storeroom
- 21) Night Cleanup
- 22) Load and Ship/Physical Distribution

EXHIBIT B-1

Lay off groups shall be as follows:

Group I

- 1) Hog Kill/Pork By
- 2) Pork Cut Floor 8/Floor 6
- 3) Pork Cut Floor 8 Conversion
- 4) Pork Cut Floor 2 Loin Conversion
- 5) Pork Cut Floor 2 Loin Cry-O-Vac
- 6) Pork Trim to include Cap Room, Blender, Baeder, and Floor 4
- 7) Green Grade

Group II

- 1) Curing/Dry Salt
- 2) Smoke Meat Wash
- 3) Smoke Meat Pack
- 4) Sausage Manufacture
- 5) Sausage Cooler
- 6) Sliced Bacon
- 7) Canning
- 8) Ham Bone

Group III

- 1) Rendering
- 2) Stockyards
- 3) Café/General Expense/Laundry/Company Store
- 4) Roustabout/Yard and Plant/Storeroom
- 5) Night Cleanup
- 6) Load and Ship/Physical Distribution
- 7) Lard Refinery

EXHIBIT B-2

Temporary shutdown groups shall be as follows:

Group I

- 1) Hog Kill/Pork by

Group II

- 1) Pork Cut Floor 8/Floor 6
- 2) Pork Cut Floor 8 Conversion
- 3) Pork Cut Floor 2 Loin Conversion
- 4) Pork Cut Floor 2 Loin Cry-O-Vac
- 5) Pork Trim to include Cap Room, Blender, Baeder, and Floor 4
- 6) Green Grade

Group III

- 1) Curing/Dry Salt
- 2) Smoke Meat Wash
- 3) Smoke Meat Pack
- 4) Sliced Bacon
- 5) Ham Bone

Group IV

- 1) Sausage Manufacture
- 2) Sausage Cooler
- 3) Canning

Group V

- 1) Night Cleanup

Group VI

- 1) Café/General Expense/Laundry/Company Store

Group VII

- 1) Roustabout/Yard and Plant/Storeroom
- 2) Load and Ship/Physical Distribution

Group VIII

- 1) Rendering
- 2) Stockyards

Group IX

- 1) Lard Refinery

EXHIBIT C

Jobs for which the Company supplies rubber gloves

PORK

- A) Day and Night Hog Kill and By-Products:
 - All operators

- B) Day and Night Pork Cut, Conversion, Trim and Green Grade:
 - All skinning machine operators (oversized Skinner gloves)
 - Backbone saw operators in Pork Conversion
 - Loin deck operators in Pork Cut
 - Vat washers
 - Bandsaw operators (Center Cut)
 - Scale operators/Loins to scale
 - Slide loins off table
 - Loading loin vats
 - 2/2 Bellum pump operators
 - 2/18 Bellum pump operators
 - 2/2 Cry-O-Vac shipping ("Grab-It" gloves)
 - 2/18 Cry-O-Vac shipping ("Grab-It" gloves)
 - 8/3 Cry-O-Vac shipping ("Grab-It" gloves)
 - 5/3 Tray-pak shipping/Caproom ("Grab-It" gloves)
 - 8/3 Bellum pump operators

PROCESSING

- A) Ham Bone:
 - Ham skinners (oversized Skinner gloves)
 - Grazzelli skinners (oversized Skinner gloves)

- B) Curing:
 - Tree wash operators
 - Belly combers
 - Vat wash operators
 - Bellum pumps
 - Defrost
 - Dry salt shipping

- C) Smoke Meat Wash:
 - Tree wash operators (& rainsuits)
 - Smokehouse operators (& rainsuits)
 - Janitors (& rainsuits)

- D) Smoked Meat Pack:
 - Palletizing operators ("Grab-It" gloves)

- E) Sausage Cooler:
 - Julian Peeler operators (both shifts)
 - Deli line
 - Smokehouse operators
 - Palletizers ("Grab-It" gloves)

- F) Sausage Manufacture:
- Smokehouse operators
 - Mother goose cook operators
 - Julian smokehouse operators
 - Tree wash operators

- G) Canning:
- Cooker operators
 - Can-opening operators
 - Sterilize can operators
 - Front end of oven
 - Deform
 - Bag slitter

- H) Sliced Bacon:
- Decombers
 - Press operators

GENERAL PLANT

- A) Night cleanup (all jobs)
- B) Edible rendering cleanup
- C) Inedible rendering cleanup
- D) Laundry washing machine operators
- E) Cafeteria cleanup operators
- F) Lard storage cleaning
- G) Lard refinery cleaning
- H) Weekend department cleanup
 - Where needed:
 - Rubber gloves
 - Rain suit
- I) Load & Ship/Roustabout ("Grab-It" gloves)
- J) Lard Dept. palletize & ship ("Grab-It" gloves)
- K) Fresh meat shipping ("Grab-It" gloves)
- L) Sausage shipping ("Grab-It" gloves)
- M) Freezer coil pullers/loaders

MECHANICAL

- A) Wastewater treatment plant operators
- B) Engine & Boiler operators
- C) Scale shop operators (for epoxy paint)

Jobs for which the Company supplies cotton gloves

Pork

- A) Gam Table – Hog Kill

Processing

- A) Curing:
• Vat Wash Room
- B) Smokehouse Operators

General Plant

- A) Night Cleanup
- B) Edible & Inedible Rendering
- C) Lard:
• Refiner
• Utility
• Lead Man
• Storage Tanks
• Unload Trucks

Job for which the Company supplies Rain Suits

- | | |
|----------------------------|------------------------------------|
| A) Smokehouse Operators | C) Stick Pen Operator |
| B) Night Cleanup Personnel | D) Stockyard – Hog Drivers to Kill |

The parties have agreed to carry the following Letters of Understanding forward with noted changes if applicable.

08/11/98 Butch Anderson memorandum to Local 304A regarding Floor 2 pork Cry-o-Vac starting times.

04/2003 Revised letter of agreement regarding equalization of hours.

Butch Anderson 9/23/03

For the Company

Date

Dean Dykstra 9-23-03

For the Union

Date

Dean Dykstra 9/23/03

For the Company

Date

James Lavor 9/23/03

For the Union

Date

Mal Leibert 9/23/03

For the Union

Date

JOHN MORRELL & CO. DRUG AND ALCOHOL POLICY

Effective July 1, 1993, the following will be John Morrell & Co.'s Drug and Alcohol Policy affecting Local 304A bargaining unit employees.

- 1) The illegal use, sale, or possession of narcotics, drugs, or controlled substances while on the job or on Company property will result in discharge.
- 2) A conviction for the sale of narcotics, drugs, or controlled substances off duty and off Company premises may also result in discharge.
- 3) Alcohol is prohibited from Company property and operations, and use of alcohol that adversely affects and Employee's job performance is not acceptable.
- 4) For the purpose of this policy, an Employee will be irrefutably presumed to have engaged in the unacceptable use of drugs and alcohol if urinalysis, blood testing, or other accepted testing procedures show a forensically acceptable positive quantum of proof of illegal drug use or legal drug/alcohol abuse.
- 5) Employees must notify the medical department when the employee's licensed medical practitioner has indicated that use of a controlled substance may adversely affect the employee's ability to perform the functions of the job.
- 6) Violation of the Company's policy may result in disciplinary action up to and including termination.
- 7) Whenever deemed advisable by the Company, Employees will be assisted in overcoming drug, alcohol, and other problems which may adversely affect Employee job performance.
- 8) The Company will conduct chemical screens on all applicants and in the event of an injury resulting in lost time, damage to Company equipment, injury to a coworker or in circumstances that would lead a reasonable person to conclude that there is a probable cause to suggest drug or alcohol ingestion. Employees who refuse the chemical screen, who attempt to invalidate the test, or who test positive will be discharged.
- 9) Individuals that test positive will receive a 3-day suspension.
- 10) Employees who are suspended in accordance with #9 above may return to work after providing proof of a negative chemical screen. This chemical screen will be at the Company's expense if the individual test negative, but will be at the employees expense if the chemical screen is positive. Any employee who fails to provide proof of a negative chemical screen within 30 days of the first day of suspension shall be discharged.
- 11) Upon reinstatement, employees will be subject to 2 random chemical screens during the 9 months following their return to work. Those who test positive and desire to remain employed will be required to see a licensed counselor and undergo the recommended treatment as prescribed by the counselor. Failure to comply will result in immediate termination.

Butch Anderson
L. J. "Butch" Anderson
Director, Human Resources

LJA:sr

April 26 2007

APPENDIX C

LIFE INSURANCE

The Company provides eligible employees term life insurance coverage in the amount of \$10,000. Effective July 1, 2003, eligible employees may purchase an additional \$1,000 of life insurance at \$.05 per week, or an additional \$11,000 of life insurance at \$.51 per week. These weekly rates will remain constant until December 31, 2005. Thereafter, this premium may change from year to year. Employees are eligible for life insurance the first of the month following 6 months of service.

If you retire after age 55 with 20 or more years of service, you will be provided with \$1,000 of Company-paid life insurance.

FOR THE UNION

James J. Tappan
James A. Tappan
Mal Feight
Mark R. Martell

Dated 10/1/03

FOR THE COMPANY

Greg W. Johnson
Bob Johnson
Amy D. Kates

APPENDIX D
TO AGREEMENT BETWEEN LOCAL 304A,
UNITED FOOD & COMMERCIAL WORKERS

INTERNATIONAL UNION, AFL-CIO

AND

JOHN MORRELL & CO.
Sioux Falls, South Dakota

The Company shall provide, through funding arrangements hereinafter set forth, for eligible employees (and their eligible dependents) included in the Plant Production, Office, and Distribution Center bargaining units represented by Sioux Falls Local 304A, the benefits and coverage as set forth in this Appendix D (such benefits and coverage being hereinafter referred to as "the Plan"). This Agreement shall be effective as of April 26, 2003 unless otherwise specified, and other than as provided under Section B, shall be subject to termination, modification or extension upon the termination of said Agreements.

SECTION A. HEALTH CARE BENEFITS FOR ACTIVE EMPLOYEES

Article I – Definitions

- 1.1 An "Eligible Employee" shall be any regular full-time employee other than as indicated below, who has not less than six (6) months of service from the employee's original date of hire and who is on the active payroll. The following shall be ineligible for coverage (except for any available Continuation Coverage under Section 5.6):
- (a) Casual or part-time employees.
 - (b) Individuals who have quit or have been discharged or terminated from employment.
 - (c) Individuals who have been laid off beyond the end of the month in which the layoff occurred, provided that employees with one (1) or more years of credited service shall be eligible for coverage during periods of layoff to the end of the sixth (6th) calendar month following the month in which the layoff began.
 - (d) Individuals who are on leave of absence, including military leave, beyond the end of the calendar month following the calendar month in which the leave began.
 - (e) Individuals who are on strike for any reason.
 - (f) Individuals who are absent:
 - (i) Due to sickness or noncompensable disability beyond the greater of thirty (30)

days (provided the absence due to disability continues) or the period for which he would be entitled to sickness and accident payments under Article XXVIII of the Agreement plus (provided the absence due to disability continues) an additional period of equal duration, such additional period not to exceed twenty-six (26) weeks;

(ii) Due to compensable disability beyond the greater of the period for which he would be entitled to benefit payments under Article XXVII of the Agreement plus (provided the absence due to disability continues), an additional period of equal duration, such additional period not to exceed twenty-six (26) weeks, or the end of the 6th calendar month following the month in which disability commenced.

1.2 "Eligible Dependent" shall mean the employee's lawful spouse, and each unmarried child, stepchild, adopted child, and foster child who has not reached his 19th birthday, or his 23rd birthday in the case of a full-time student, provided such child is dependent upon the employee for support and maintenance and lives with him/her in a normal parent-child relationship or provided such child, even though he/she does not live in the same household as the employee, is eligible for support payments from the employee as a result of a court order. If within two (2) months before the date on which coverage would otherwise cease for a dependent child, stepchild, adopted child or foster child, the employee shall provide proof that such child is incapable of self-support because of physical or mental handicap, then, if such child is dependent on the employee for support and maintenance, such child shall continue to be deemed an Eligible Dependent without regard to age so long as such incapacity and dependence continues. In order for an eligible dependent to receive benefits under the Plan, the Employee must enroll such dependent in the Plan by submitting to the Company such reasonable proof of dependency status as the Company may request (i.e., certificate of marriage, birth certificate, legal adoption notice or other legal proof of dependency). Upon enrollment, the dependent shall be entitled to receive benefits under the Plan retroactive to his or her date of eligibility. The employee shall inform the Company of any change in the dependent's status.

1.3 "Hospital" shall mean an institution which is:

- (a) Primarily engaged in providing medical care and treatment of injured and sick persons on an in-patient basis at the patient's expense and maintains diagnostic and therapeutic facilities for surgical and medical diagnosis and treatment of such persons by or under the supervision of a staff of legally qualified physicians; and
- (b) Which continuously provides 24-hour a day nursing services by or under the supervision of registered graduate nurses and is operated continuously with organized facilities for operative surgery; and
- (c) Which is not, other than incidentally, a place of rest, a place for the aged, a place for drug addicts, a place for alcoholics or a nursing home; provided, that a *sanitarium* (other than an institution operated by a governmental agency), whether or not classed as a hospital but which specializes in the treatment of tuberculosis,

when the Eligible Employee or Eligible Dependent is confined therein on the recommendation and approval of a physician for the treatment of tuberculosis shall be deemed a "Hospital".

- 1.4 "Physician" shall mean a legally qualified Doctor of Medicine (M.D.), a legally qualified Doctor of Osteopathy (O.D.), a legally qualified Doctor of Chiropractic (D.C.), a legally qualified Doctor of Podiatry (D.S.C.), a legally qualified Doctor of Podiatric Medicine (D.P.M.), or a legally qualified Doctor of Dental Surgery (D.D.S.).
- 1.5 The term "mental or nervous disorder" as used herein means a neurosis, physchoneurosis, physchopathy, psychosis, or mental or emotional disease or disorder of any kind.
- 1.6 The phrase "accidental bodily injury or sickness" shall include mental or nervous disorders.

Article II - Administration

- 2.1 The procedures for the submission of claims and the resolution of disputes are set forth in Section 7.5.
- 2.2 The Company will designate a representative at each plant who will be available to discuss coverage questions with employees or Local Union representatives.
- 2.3 The Health Care Benefits Plan will be moved into a tax-deductible status for all participants if approved by the Internal Revenue Service (I.R.S.).

Article III - Dual Coverage

- 3.1 No person may be covered as both an employee and a covered dependent at the same time nor as a dependent of more than one employee. An employee whose spouse is employed by the Company may choose to be a covered employee or a covered dependent. If a covered employee loses coverage for any reason, that covered employee and persons who were his covered dependents may immediately enroll as covered dependents of the spouse still having coverage, if they meet the requirements of Section 1.2. A letter will be mailed to the home of those that were enrolled and terminated their employment with the Company for any reason. (Copy Attached)
- 3.2 In situations where an employee or his eligible dependents are covered by any other benefit program or plan which (i) covers such Employee or Eligible Dependent by reason of employment of such Employee or Eligible Dependent, and (ii) provides such coverage without cost to the Employee or his Eligible Dependent and such other benefit program or plan provides for non-duplication, this Plan shall also be considered to provide for non-duplication of benefits and benefit determinations will be made in accordance with the Primary Plan Rule, i.e.:

- (a) The Plan covering the patient as an employee is the Primary Plan and it will pay without regard to other coverage.
 - (b) If a court decree has established the financial responsibility for the eligible dependent, then the plan of the parent with such financial responsibility is the Primary Plan.
 - (c) If a dependent child is covered by both parents' plans, the plan of the parent whose birthday occurs earlier in the Calendar Year is the Primary Plan.
 - (d) If the Primary Plan is not determined by (a), (b) or (c), the plan that has covered the patient for the longer period of time is the Primary Plan.
 - (e) In the event that the benefit amounts provided or available under the plan or programs described in Section 3.2 of this Article are less than the total charges for covered service with respect to the item involved in a legitimate claim, this Plan will provide supplementary coverage to the extent of the difference between the amount provided or available under said other plan or programs and the total amount of such expenses but not in excess of the amount which would have been otherwise payable under this Plan.
- 3.3 In situations where an employee or his dependents are covered by a group benefit program incident to employment of a member of the employee's family by an employer other than the Company, which coverage is furnished by said employer at no cost to the person employed, and which benefit program does not provide for non-duplication of benefits, coverage under this Plan will be subject to the following:
- (a) The Company will not provide coverage for, nor pay claims of, employees or dependents who otherwise would have been eligible for coverage under this Plan, provided that, when benefits available to such dependents under the coverage deriving from another employer's plan are less than the total charges for covered services with respect to the item involved in a legitimate claim, this Plan will provide supplemental coverage to the extent of the difference between the amount payable under the other employer's plan and the total amount of such expenses, but not in excess of the amount which would have otherwise been payable under this Plan. If the insurer under the other group insurance or group prepayment plan refuses to pay a claim for any covered expense which, except for this Article III, would be payable under this Plan, payment will be made of a claim under this Plan within thirty (30) days from the filing of the claim reserving to the Company or its insurer all rights to reimbursement from the other insurer.
- 3.4 This Plan will pay benefits on a primary basis at any time that Federal law requires benefits to be paid under this Plan before benefits are paid under Medicare. Any covered employee, or spouse who is a covered dependent, age 65-69 shall be given the option to elect this Plan or Medicare as primary in accordance with Federal law.

Expenses covered under this Plan will be reduced by benefits payable under Medicare so

that the total benefit payable by this Plan and Medicare does not exceed the total amount of the expenses incurred, provided that the benefit payable under this Plan will not exceed the amount which would otherwise have been paid under this Plan had a portion of the charge not been paid by Medicare.

- 3.5 Subrogation: If benefits are paid under this Plan for charges incurred by a covered employee or covered dependent resulting from an accidental bodily injury, the employee or dependent will, upon request by the Company, assign to the Company his medical expense claims against the person or organization responsible for causing the injury. Once the claims have been assigned to the Company, the Company will be responsible for attorneys' fees and expenses incurred in asserting any claim assigned to the Company hereunder.

The covered employee will execute and deliver any instruments or documents required by the Company that may be necessary to secure the Company's right under this provision.

In the event the covered employee receives payment from such person or organization prior to assigning his/her rights to the Company, the covered employee and/or covered dependent shall reimburse the Company for the charges paid by this Plan (less attorneys fees and expenses incurred in obtaining payment from the person or organization) up to the amount of the recovery received by the covered employee.

Article IV - Initial Coverage for Employees and Dependents

- 4.1 An Eligible Employee will become covered on the first day of the calendar month following the month in which the employee completes his sixth (6th) month of service, provided the employee enrolls in the Plan by submitting the required forms and authorizing the payroll deduction for contributions required by Article IX below. (If the employee is not actively at work on that day, he becomes covered on the first day he returns to active full-time work).
- 4.2 Eligible dependents must be enrolled by the employee in order to become covered, and if enrolled, will become covered on the latest of the following dates: (a) the date the employee's coverage becomes effective, or (b) the actual date on which the person becomes a dependent; provided, however, that if a dependent is confined to an institution for medical, dental or mental care on the date such dependent's coverage would otherwise become effective, such coverage shall not become effective for such dependent until the earlier of (1) the date following a period of thirty-one (31) days during which the dependent has not been so confined, or (2) the date evidence of the dependent's complete recovery is received, provided that a newborn infant shall be covered at birth.
- 4.3 Preexisting Conditions. If an eligible employee or dependent has an existing medical condition at the time that person becomes a covered employee or covered dependent, and has been treated for that condition within the six-month period immediately preceding the date of becoming covered, there will be a six-month waiting period for coverage for that condition, beginning on the date on which the person becomes a covered employee or

covered dependent.

***Article V - Continuation,
Termination and Reinstatement of Coverage***

5.1 Eligible Employees who are laid off, who are on leave of absence or who are absent due to disability and the covered dependents of such employees will continue to be covered until the last day of the period for which they have made a premium contribution. Thereafter, such employees will continue to be covered during the period of such absences (provided the employee continues to make the contributions required by Article IX) as specified in the following provisions and upon termination of coverage on that basis such employees may arrange to have coverage for themselves and their dependents continued at their own expense, in accordance with the following provisions:

- (a) Layoffs: If an employee is enrolled in the Plan at the time of layoff, coverage will continue (provided the employee continues to make the contributions required by Article IX) for a period of six (6) months, after which the employee can keep it in effect pursuant to the Continuation Coverage provisions of Section 5.6.
- (b) Sickness or Compensable Disability: An Employee who is absent due to sickness or compensable disability, which absence has continued beyond the greater of (1) thirty (30) days (six (6) months in the case of a compensable accident), or (2) the period for which the employee is entitled to receive sick leave benefit payments under the Agreement plus (provided the sickness, accident, or compensable disability continues) an additional period of equal duration as entitled to above, such additional period not to exceed twenty-six (26) weeks. Thereafter, such employee may keep the coverage for himself and his dependents in effect pursuant to the Continuation Coverage provisions of Section 5.6.
- (c) Strikes: An employee on strike will continue to be covered until the last day of the period for which he has made a premium contribution prior to going on strike and may elect to continue coverage thereafter pursuant to the Continuation Coverage provisions of Section 5.6.
- (d) Leave of Absence: Employees on leave of absence of less than four (4) weeks granted in accordance with the terms of the Agreement and their covered dependents may continue to be covered for benefits during the leave of absence period on the same basis as if the employee had continued to work. Employees on such a leave of a greater duration may continue to be covered, after the end of four (4) weeks, pursuant to the Continuation Coverage provisions of Section 5.6.
- (e) Return to Work: Unless coverage is continued while absent, employees returning to work following layoff, strike, leave of absence, disability, or military service, or employees reinstated following discharge, and their eligible dependents will be reinstated and will be covered for benefits on the first day of the calendar month

following the date such person returned to work

- (f) Death: Except as provided in Section 5.6 of this Article and Section B, in the event of the death of an employee, his eligible dependents will continue to be covered to the later of (a) the end of the calendar month in which the employee died or (b) the end of the period for which the employee has made a premium contribution.
 - (g) Workers' Compensation: Employees drawing Workers' Compensation benefits from the Company, and their Eligible Dependents, will be covered during the period benefits are paid (provided the employee continues to make the contributions required by Article IX) and may continue to be covered during any further absence of the employee in accordance with the Continuation Coverage of Section 5.6.
- 5.2 Except as specified in Sections 5.1 and 5.6 of this Article and Section B, coverage of employees whose employment is terminated and their dependents shall terminate on the day on which such termination occurs, and such employees are not eligible to continue coverage thereafter for themselves or for their dependents.
- 5.3 Coverage being maintained at an employee's expense, in accordance with Section 5.1 or 5.6, shall terminate on the last day of the period for which the employee's terminal payment of the required premium contribution is made.
- 5.4 Coverage of covered dependents terminates on the same day as the coverage of the employee terminates or on the day that such dependents cease to be Eligible Dependents, whichever occurs first.
- 5.5 Whenever any employee may continue the coverage for himself/herself and his/her dependents at the employee's own expense by paying the required contributions to the Company, the Company will accept contributions paid on behalf of the employee and such contributions shall be effective to the same extent as if paid by the employee.
- 5.6 **Continuation Coverage:**

Federal law gives covered persons the right to elect a temporary extension of health care coverage (called "Continuation Coverage") at group rates in certain instances where coverage under the Plan would end otherwise. Continuation Coverage under this Plan will be made available in accordance with the requirements of Federal law and applicable regulations. Covered persons do not have to prove insurability to choose Continuation Coverage. A person electing Continuation Coverage will receive coverage that is identical to the coverage provided by the Plan to similarly situated active employees and their dependents.

(a) **Eligibility:**

- (1) A covered employee has a right to choose this Continuation Coverage if he or she loses group health coverage because of a reduction in hours of employment or

termination of employment (for reasons other than gross misconduct).

(2) A covered dependent who is the spouse of a covered employee has the right to choose Continuation Coverage if coverage ends for any of the following reasons:

- (i) termination of the covered employee's employment (for reasons other than gross misconduct) or reduction in hours of employment, including termination or reduction in hours due to retirement of the employee or the employee going on strike;
- (ii) divorce or legal separation from the covered employee; or
- (iii) the death of the employee.

(3) A covered dependent who is the child of a covered employee has the right to Continuation Coverage if coverage of the Plan ends for any of the following reasons:

- (i) termination of the employee's employment (for reasons other than gross misconduct) or reduction in hours of employment, including termination or reduction in hours due to the retirement of the employee or the employee going on strike;
- (ii) the parent's divorce or legal separation;
- (iii) the child ceases to be an eligible dependent as defined in Section 1.2; or
- (iv) the death of the covered employee.

(b) **Notification and Election:**

- (1) The covered employee or covered dependent has the responsibility to inform the Company of a divorce, legal separation, or a child losing covered dependent status under the Plan within sixty (60) days after the event resulting in loss of coverage.
- (2) When the Company is notified, or upon a covered employee's death, termination of employment or reduction in hours, the Company will notify individuals eligible to receive Continuation Coverage that each of them has the right to elect coverage.
- (3) The covered person has sixty (60) days from the date such notice is received from the Company to return the election of Continuation Coverage to the Company. Also, if coverage is lost because of divorce, legal separation or loss of dependent status, no Continuation Coverage will be available unless the covered employee or covered dependent notifies the Company within sixty (60) days after the event.

(c) **Termination of Continuation Coverage:**

- (1) The law allows covered employees to maintain Continuation Coverage for up to 36 months unless coverage ends because of a termination of employment or reduction in hours. In that case, the required Continuation Coverage period is 18 months.
- (2) A covered dependent may maintain Continuation Coverage for up to 36 months following the date of the covered employees' termination of employment or reduction in hours if one of the following events occurs during the initial 18-month coverage period:
 - (i) death of covered employee; or
 - (ii) divorce or legal separation of the covered employee and spouse.
- (3) A dependent child may extend Continuation Coverage for up to 36 months following the date of the covered employee's termination of employment or reduction in hours if, during the initial 18-month coverage period, he/she ceases to be a covered dependent.
- (4) The law provides that Continuation Coverage may be cut short by the Company for any of the following reasons:
 - (i) the premium for Continuation Coverage is not paid;
 - (ii) the covered employee or covered dependent becomes covered under another group health plan, except that Continuation Coverage will not be cut short if the covered employee or covered dependent becomes covered under another group health plan which excludes or limits coverage for pre-existing conditions which would be covered by this Plan;
 - (iii) the covered employee or covered dependent becomes entitled to Medicare; or
 - (iv) the Company no longer provides group health coverage under the Plan.
- (5) Notwithstanding the foregoing provisions of this Section 5.3(c), Continuation Coverage for covered dependents may be maintained for up to 29 months rather than 18 months, if greater than the period of coverage otherwise provided under this Section 5.6(c), if the covered dependent is determined by the Social Security Administration to be disabled at the time of the covered employee's termination of employment or reduction in hours.
- (6) At the end of the 18-month or 36-month continuation period, the covered employee or covered dependent may elect individual conversion health coverage that may be provided under the Plan.

(d) Premiums:

- (1) A person who elects Continuation Coverage is required to pay monthly premiums for this coverage. The amount of the premium is determined by the Company's actuaries in accordance with federal law and regulations, provided that, except in the case of employees and dependents who lose coverage by reason of termination of the employee's employment by quit or discharge, the premium shall not exceed 102% of the combined cost paid by the Company and an active employee for the same coverage at the time.
- (2) A person who elects Continuation Coverage has forty-five (45) days from the election date to pay an initial premium for the period between the date group coverage ended and the first of the month following the payment date. Each subsequent monthly payment is due on the first of the month for that month. If a payment is not received by the Company within thirty (30) days of the due date, the Continuation Coverage will be terminated immediately (retroactively to the last day for which a premium has been paid) and will not be reinstated.

5.7 **Reinstatement of Coverage.** When a former covered employee, whose coverage has ended, once again meets the eligibility requirements of Section 1.1, the employee and eligible dependents will be reinstated under the Plan on the first day of the following month, without a waiting period, subject to the requirements of Section 4.1.

Article VI - Payment of Benefits

6.1 With or without an assignment, the benefits payable under the Plan on account of employees or their eligible dependents may be paid directly to the hospital, physician, surgeon or other person or institution furnishing medical care services or treatment, as their interests may appear. The Company shall be discharged from liability to the extent of any payment so made.

Article VII - Medical Care Expense Benefits

7.1 Definitions: For the purposes of this Article VII, the following definitions shall apply:

- (a) "Reasonable and Customary Charges" shall mean only those charges that do not exceed the general level of charges being made by others of similar standing in the locality where the charge is incurred, when furnishing like or comparable treatment, services or supplies to individuals of the same sex and of comparable age and income, for a similar disease or injury. The term "locality" means a county or such greater area as is necessary to establish a representative cross section of persons or other entities regularly furnishing the type of treatment, services or supplies for which the charge is made.

- (b) "Surgical Procedure" - (including pre-operative and post-operative care) means only the following:
 - (i) a cutting operation;
 - (ii) suturing a wound;
 - (iii) treatment of a fracture;
 - (iv) reduction of a dislocation;
 - (v) electro-cauterization;
 - (vi) diagnostic and therapeutic endoscopic procedures;
 - (vii) injection treatment of hemorrhoids and varicose veins;
 - (viii) radiotherapy used in lieu of a cutting operation for removal of a tumor.
- (c) "Calendar Year" shall mean any January 1 through December 31.
- (d) "Qualified Convalescent Extended Care Facility" shall mean a licensed, Medicare approved institution engaged primarily in providing skilled medical care or rehabilitation services. The term does not include an institution providing primarily custodial care.
- (e) "Home Health Care Agency" shall mean an organization that is primarily engaged in providing skilled medical services to the home bound and meets all Medicare requirements.
- (f) "Covered Medical Expenses" shall mean reasonable and customary charges actually incurred by the employee or his dependent upon the recommendation and approval of a Physician or Dentist for services and supplies listed in Section 7.2 (medical) or Section 8.3(b) (dental) and which are necessary in connection with the treatment of the employee or his dependent for an injury or disease, or any condition related to pregnancy.
- (g) "Deductible Amount" under Article VII shall mean with respect to each covered individual
 - (i) the first \$250 per individual and \$500 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the MorrellCare "A" plan in accordance with Section 9.1(a)(1).
 - (ii) the first \$500 per individual and \$1,000 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the MorrellCare "B" plan in accordance with Section 9.1(a)(2).

- (iii) the first \$400 per individual and \$800 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the Traditional Schedule "A" plan in accordance with Section 9.1(a)(3).
- (iv) the first \$800 per individual and \$1,600 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the Traditional Schedule "B" plan in accordance with Section 9.1(a)(4).

Effective January 1, 2004:

- (v) the first \$300 per individual and \$600 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the MorrellCare "A" plan in accordance with Section 9.1(a)(1).
 - (vi) the first \$600 per individual and \$1200 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the MorrellCare "B" plan in accordance with Section 9.1(a)(2).
 - (vii) the first \$480 per individual and \$960 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the Traditional Schedule "A" plan in accordance with Section 9.1(a)(3).
 - (viii) the first \$960 per individual and \$1,920 per family of covered medical expense incurred during a Calendar Year, in the case of an employee who has elected the Traditional Schedule "B" plan in accordance with Section 9.1(a)(4).
- (h) "Maximum Plan Benefit" under this article shall mean a lifetime benefit of \$2,000,000 per covered employee or eligible dependent for all causes.
- (i) "Maximum Out-of-Pocket Expenses Per Family" under this article, subject to the provisions of Section 7.1(k), shall mean
- (i) the first \$1,000 per individual and \$2,000 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the MorrellCare "A" plan in accordance with Section 9.1(a)(1).
 - (ii) the first \$1,500 per individual and \$3,000 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the MorrellCare "B" plan in accordance with Section 9.1(a)(2).

- (iii) the first \$1,200 per individual and \$2,400 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the Traditional Schedule "A" plan in accordance with Section 9.1(a)(3).
- (iv) the first \$1,800 per individual and \$3,600 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the Traditional Schedule "B" plan in accordance with Section 9.1(a)(4).

Effective January 1, 2006:

- (v) the first \$1,500 per individual and \$3,000 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the MorrellCare "A" plan in accordance with Section 9.1(a)(1).
 - (vi) the first \$2,250 per individual and \$4,500 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the MorrellCare "B" plan in accordance with Section 9.1(a)(2).
 - (vii) the first \$1,800 per individual and \$3,600 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the Traditional Schedule "A" plan in accordance with Section 9.1(a)(3).
 - (viii) the first \$2,700 per individual and \$5,400 per family in combined deductible & co-payment amounts paid with respect to covered medical expenses in the case of an employee who has elected the Traditional Schedule "B" plan in accordance with Section 9.1(a)(4).
- (j) "Reimbursable Amount" shall mean:
- (i) For each calendar year the Plan will pay with respect to each covered individual,
 - (1) Eighty-five percent (85%) of incurred covered medical expenses in excess of the deductible amount to the Maximum Out-of-Pocket as defined in Article VII Section 7.1 (i) above for all employees who have elected either MorrellCare Plan A or MorrellCare Plan B and stay within the designated provider network
 - (2) Eighty percent (80%) of incurred covered medical expenses in excess of the deductible amount to the Maximum Out-of-Pocket as defined in Article VII Section 7.1 (i) above for all employees who have elected one of the Traditional Indemnity plans (A or B)

- (3) (100%) of the remaining incurred covered medical expenses after the maximum out-of-pocket is met as outlined in Article VII, Section 7.1 (i) above, subject to the maximum plan benefit.
- (ii) With respect to the office co-payments for employees who have elected the MorrellCare Plan "A" or MorrellCare Plan "B", the employee will pay a \$20.00 co-payment for a primary care physician and a \$30.00 co-payment for a specialist.
- (iii) (a) With respect to the following outpatient services, the deductible amount shall be waived, and the Plan will pay 90% of covered medical expenses:
 - (1) Out-patient surgery;
 - (2) Diagnostic X-rays and laboratory work, including related Physician's charges and other related professional fees;
 - (3) Emergency care and treatment of accident victims;
 - (4) Pre-natal care and treatment.

The 10% out-of-pocket expense incurred with respect to the aforementioned outpatient benefits shall be applied toward the satisfaction of the deductible amount referred to in Section 7.1(g) and the maximum out-of-pocket expense referred to in Section 7.1(i).

- (b) With respect to the following outpatient services, the deductible amount shall be waived, and the Plan will pay 100% of the covered medical expense:
 - (1) Pap smears and mammograms (one of each per covered female employee or covered dependent each year).
- (iv) (a) With respect to in-patient or out-patient treatment of mental and nervous disorders, excluding alcohol and drug dependency, the Plan shall pay, 50% of reasonable and customary charges with a lifetime maximum Plan benefit of \$2,000,000, for each covered employee and each covered dependent. Payment of benefits for treatment of mental and nervous disorders is subject to the Plan deductible amounts. Out of pocket expenses other than any amount which applies toward the deductible amount, do not apply toward the maximum out-of-pocket expense referred to in Section 7.1(i)
 - (b) With respect to inpatient or outpatient treatment of alcohol and drug dependency, the Plan shall pay 50% of reasonable and customary charges up

to a maximum of \$12,500 in a year, with a lifetime maximum benefit of \$25,000 for each covered employee and each covered dependent. Payment of benefits for treatment of alcohol and drug dependency is subject to the Plan deductible amounts. Out-of-pocket expenses, other than any amount that applies toward the deductible amount, do not apply toward the maximum out-of-pocket expense referred to in Section 7.1(i).

- (v) The hospice care maximum daily rate amount is the reasonable and customary daily charge for hospice care in the Sioux Falls area (or such other area where the patient may be confined). "Hospice Care" means care provided by a facility operated within the scope of its license that provides on an in-patient basis:
- (a) 24-hour skilled nursing care under the supervision of a Physician or RN;
 - (b) complete patient clinical records;
 - (c) 24-hour Physician services under an established agreement;
 - (d) appropriate methods of dispensing and administering drugs and medicines;
 - (e) transfer arrangements with at least one Hospital; and
 - (f) has policies developed with the advice of and reviewed by a group of professionals who are specialists in the care and treatment rendered by the facility.

Notwithstanding the provisions of Section 7.1(j)(i) and 7.1(j)(iii) with respect to deductible amounts and co-insurance, the maximum out-of-pocket expenses per family incurred for covered medical expenses shall not exceed the amount specified in Section 7.1(i) in any calendar year and when that amount has been reached in any calendar year, all additional incurred covered medical expenses in that year shall be paid under the Plan at 100%, subject to the maximum Plan benefit, provided that this maximum out-of-pocket limitation shall not apply to out-of-pocket expenses for treatment of mental and nervous disorders.

- (k) Benefits payable under this Plan in accordance with Section 7.1(j), and the Family Out-of-Pocket Maximum set forth in Section 7.1(i), are subject to the provisions of this Section 7.1(k).
- (a) Utilization Review. The Contract Administrator reviews proposed surgeries, Hospital Admissions and stays, second surgical opinions and post-Hospital treatment for Medical Necessity. The Contract Administrator also reviews fees for Reasonable and Customary determinations and may negotiate fees with providers.

- (1) It is the covered employee's responsibility to notify the Contract Administrator, by calling the toll-free number and providing information requested by the Contract Administrator, of surgeries and Hospital admissions, as follows:
 - (i) ten (10) days before any non-emergency surgery (including outpatient surgery) or hospitalization for the covered employee or a covered dependent of the employee except if related to maternity.
 - (ii) within twenty-four (24) hours or on the next workday following any emergency surgery or hospital admission.
 - (iii) as soon as a covered employee or an employee's spouse, who is a covered dependent, is under a Physician's care for pregnancy, but no later than six (6) months before the estimated due date; again no later than twenty-four (24) hours or on the next work day after admission for delivery.
- (2) Based on its determination of medical necessity, the Contract Administrator will certify, to the covered employee and provider, each surgery, hospitalization, hospital stay and hospital discharge that it considers appropriate. The Contract Administrator may advise the covered employee or covered dependent whose surgery or hospital admission is being reviewed that a second surgical opinion is required, may discuss or negotiate fees with providers, and may work with the covered employee or covered dependent and his or her family to plan a course of treatment after discharge from the hospital. In order to implement this provision, the Company and the Contract Administrator have the right to obtain or release necessary information without the consent of any person.
- (3) If the patient or his physician disputes any decision or certification by the Contract Administrator under the program, the Contract Administrator will make a physician available who is qualified in the treatment of the particular illness or injury involved, to discuss with the patient's physician the reason for the disagreement and all other relevant factors which should be taken into account in arriving at a proper decision, provided that no such dispute or disagreement will require the patient to forgo or delay any treatment contrary to the advice of his physician, and it is expected that the patient will commence and obtain such treatment prior to resolution of the dispute if so advised. After an initial determination is made, additional periods of hospital stay or other services will be authorized where necessary because of such factors as the severity of the condition being treated, complications, or additional findings while the patient is hospitalized. Any further unresolved disputes

under this Section 7.1(k) may be submitted to the grievance procedure provided in the Agreement, beginning at the third step.

- (4) Benefits payable by the Plan associated with any surgery or hospitalization will be reduced to 50% of those payable in accordance with Section 7.1(j) without regard to the Maximum Out-of-Pocket Expenses incurred per family as set forth in Section 7.1(i), under the following circumstances:
- (i) the covered employee fails to meet the notification requirements of (a)(1) above, including the time requirements.
 - (ii) the covered employee or covered dependent fails to undergo examination for a second, or third, surgical opinion when required by the Contract Administrator.
 - (iii) the covered employee or covered dependent proceeds with a surgery or Hospital admission that has not been certified as appropriate by the Contract Administrator.
 - (iv) the covered employee or covered dependent remains in the Hospital beyond the length of stay certified by the Contract Administrator except that, in such a case benefits will be payable at the levels set forth in Section 7.1(j) for all covered expenses except Hospital charges for the days beyond the certified length of stay which will be payable at 50% of the levels set forth in Section 7.1(j).
- (5) The Company and Contract Administrator will treat as confidential any information obtained about covered employees and covered dependents, and will use such information only for administering the Plan and the utilization review program. Neither the Company nor any Contract Administrator has the right to, nor will they, make any medical decisions on behalf of covered employees or covered dependents.
- (b) Preferred Provider Arrangement. The Company or a Contract Administrator may from time to time enter into agreements with "Preferred Providers", which may include Physicians, Hospitals, surgical facilities, clinics or other health care providers. In such cases, the Company may offer incentives in the form of increases in benefits payable under Section 7.1(j), or decreases in the Deductible under Section 7.1(g) or the Maximum Out-of-Pocket Expenses per Family under Section 7.1(i), for covered employees and dependents who utilize the preferred providers. The Company has the right to choose preferred providers, determine incentives and set conditions

for such incentives, and change preferred providers, incentives, and conditions for such incentives, after discussions with the Union. However, the Company may not decrease benefits payable or increase the Deductible, Co-payments or the Maximum Out-of-Pocket Expenses per Family under this provision.

7.2 Covered Medical Expenses:

(a) Covered medical expenses shall include the following:

- (i) Hospital Services: Charges made by a hospital for room and board, except that charges for private room accommodations in excess of the maximum of the standard range of rates for board and room in semi-private accommodations in the hospital where in confined shall not be included, provided that the full rate of intensive care, coronary care or quarantine units will be paid without maximum limitation where a patient is placed in such a unit; and other hospital services and supplies, both in-patient and out-patient including:
 - (1) Special diets and infant feedings;
 - (2) Use of operating and treatment rooms and equipment;
 - (3) All drugs and medicines used during such hospital confinement which are listed in the "U.S. Pharmacopoeia", "National Formulary", or "New and Non-Official Remedies", at the time of admission which are commercially available for purchase by the hospital in which the employee or dependent is confined;
 - (4) Dressings, ordinary splints and plaster casts;
 - (5) Laboratory examinations;
 - (6) Electrocardiograms;
 - (7) Basal metabolism tests;
 - (8) Physical therapy;
 - (9) Oxygen, and administration thereof;
 - (10) Anesthetic supplies, anesthetics and the administration thereof;
 - (11) X-ray examinations, including routine admitting chest x-rays;
 - (12) Administration of blood and blood plasma;

(13) Intravenous injection and solutions;

(14) Delivery room and ordinary nursing services.

provided that the charges for any of the above services rendered by another agency or provider during the period of hospital confinement shall be considered the same as if the charges were made by the hospital whether such services are billed directly by the hospital or by such other provider of services.

- (ii) Physician's Services: Charges for the professional services of a physician including office and hospital visits, surgical procedures, other medical care and treatment, diagnostic work, and the administration of anesthesia.
- (iii) Dentist's or Oral Surgeon's services: Services rendered by a dentist or oral surgeon for treatment of a fractured jaw or of injuries to natural teeth within three (3) months after the injury, treatment of cellulitis, biopsy, excision of tori, excision of benign hard tumor (osteoma), radicular or dentigerous cyst; closure of oroantral fistula; removal of salivary stone from duct; removal of salivary stone from gland; or therapeutic nerve block with alcohol or other sclerosing solutions.
- (iv) Nursing Care: Charges for nursing services related to the care and treatment of injury or disease or condition related to pregnancy provided the nursing care is necessary as evidenced by a written statement of the attending physician and that such services are rendered (other than by a nurse who is the spouse, child, mother, father, sister, brother, mother-in-law or father-in-law of the person receiving such services) by a graduate, registered nurse or a person whose customary occupation is that of a licensed practical nurse.
- (v) Emergency Transportation Services: Charges made by a hospital or ambulance service (licensed where required by law) for use of an ambulance (and charges made for transportation by regularly scheduled airplane or railroad in case of poliomyelitis) when such use is certified by the attending physician as being medically necessary to the care and treatment of the injury or disease or condition related to pregnancy, provided that such transportation is to and from a hospital or clinic qualified to provide treatment incident to such injury or disease or condition related to pregnancy.
- (vi) X-ray and Laboratory Examinations: Charges made for X-ray examinations and for laboratory tests or analyses made for diagnostic or treatment purposes.
- (vii) Radiation Therapy: Charges made for X-ray radon, radium, telecobalt, cesium and radioactive isotope treatments.

- (viii) Anesthetic: Charges made for an anesthetic and the administration thereof; charges for blood plasma (to the extent that blood and blood plasma are not donated or otherwise replaced) and the administration thereof, and oxygen and the administration thereof (including rental of equipment for its administration).
- (ix) Medical Supplies: Charges for the following:
 - (1) Bandages and surgical dressings, casts, splints, braces and crutches;
 - (2) Artificial limbs and artificial eyes (prosthetic devices);
 - (3) Rental of a wheelchair or a hospital-type bed (durable medical equipment);
 - (4) Rental of an iron lung or other mechanical equipment for the treatment of respiratory paralysis.
- (x) Physiotherapy: Charges made for physiotherapy provided by a legally licensed physiotherapist, other than a physiotherapist who is a spouse, child, mother, father, sister, brother, mother-in-law or father-in-law of the person receiving such service.
- (xi) Second Surgical Opinion: Charges for a second opinion on recommended surgery by another physician qualified to render an opinion.
- (xii) Convalescent Care, Hospice Care or Home Health Care: Charges for services provided by a qualified convalescent extended care facility, hospice facility or home health agency if necessary and treatment begins after the covered individual has been discharged from a hospital (confinement in qualified convalescent extended care facility shall commence within twenty-four (24) hours following hospital discharge). Hospice care is subject to the maximum specified in Section 7.1(j)(v).
- (xiii) Treatment of Mental and Nervous Disorders: Hospital and physician charges for services provided in connection with the treatment of mental and nervous (psychiatric) disorders subject to the limitations in Section 7.1(j)(iv).
- (xiv) Drug and Alcohol Treatment Centers: In-patient confinement charges or out-patient charges by an approved drug and alcohol treatment center (up to the daily cost of a semi-private room in the nearest hospital), provided that the patient completes the program, and, in the case of an employee, returns to work within thirty (30) days after completion. Coverage is limited to two confinements during any twelve-month period which total not more than sixty (60) days.

- (xv) **Hotel Expense for Clinic Treatment:** If a covered employee or a covered employee's dependent stays at a hotel or motel while being treated at one of the clinics set forth in (3) below, the Plan will cover the daily cost of the hotel room up to the daily cost of a semi-private room at the clinic in which the treatment is being given, provided;
- (1) The treatment is an in-patient procedure being administered on an out-patient basis due to lack of bed space as evidence by written statement of the treating physician;
 - (2) The clinic is more than 100 miles from the covered Employee's residence; and
 - (3) The clinic is:
 - (a) The Mayo Clinic in Rochester, Minnesota;
 - (b) The Cleveland Clinic in Cleveland, Ohio; or
 - (c) A clinic agreed to by the Company in advance for an employee's specific need.
- (xvi) **Obstetrical procedures.**
- (xvii) Cosmetic surgery or treatment but only for breast reconstruction after a mastectomy or for the correction of damage caused by an injury sustained while a person is covered under this Plan if those expenses would otherwise qualify as Covered Expenses and treatment begins within three months of an injury. Also covered are expenses for treatments rendered by a Physician to correct birth defects (other than malformation of teeth) of children covered by this Plan at birth if they would otherwise qualify as Covered Expenses.
- (xviii) **Chiropractic Care:** Spinal manipulation and X-rays to annual maximum of \$500 per family.
- (xix) **Covered Drugs,** which include only Prescription Legend Drugs and the non-legend drugs listed in (1) below, when such a drug, or device, is dispensed by a Pharmacist through a Pharmacy in accordance with a prescription order issued by a Physician, for no more than a 34-day supply or 100 unit doses, whichever is greater.
- (1) Non-legend covered drugs: adrenaline, aveeno, isuprel (inhalant); peritrate; acetaminophen N.F.; acidolate;

- (2) Injectable covered drugs: insulin, adrenaline; mercuhydrin; thiomerin; and
- (3) Devices such as a hypodermic needle or similar device as may be specified in the prescription order for the injection or application of a Covered Drug.

Effective July 1, 2003, prescription drug co-payments shall be established at \$10/\$20/\$30 for generic, formulary, and name brand drugs, respectively, when purchased at retail.

- (xx) Maintenance Drugs are Covered Drugs prescribed for the control of chronic disease or illness or to alleviate the pain and discomfort associated therewith. Maintenance drugs must be acquired through the Contract Administrator's mail order program in amounts up to a 3-month supply. Effective July 1, 2003, co-payments of \$5/\$15/\$25 shall be established for generic, formulary, and name brand drugs, respectively, when purchased through mail order. Experimental drugs shall only be covered after being on the retail market for a two-year period.
- (1) Oral contraceptives shall be provided for employee or spouse through mail order only.

7.3 Medical Expense Benefits: If while covered under this Plan, an employee or covered dependent shall incur covered medical expenses as defined in this Article on account of any injury or disease or any condition related to pregnancy, the Plan will pay the reimbursable amount as defined herein subject to the exclusions and limitations hereinafter set forth. An expense shall be deemed incurred on the date the service or supply from which the expense arises is rendered.

7.4 Exclusions and Limitations: No payment shall be made under this Article VII on account of expenses incurred as a result of any of the following charges, and no such charge shall be considered a covered medical expense:

- (a) Any hospital, surgical, medical service or supply expense unless such expense has been recommended and approved by a physician;
- (b) Routine or periodic physical examinations;
- (c) Charges incurred for the services of a dentist, except as otherwise provided under this Article;
- (d) Charges incurred for eye refraction, eyeglasses, eye examinations made for or in connection with the correction of vision, hearing aids, dental prosthetic appliances, or the fitting of any thereof;
- (e) Charges incurred in connection with or as a result of the pregnancy, childbirth or miscarriage on the part of a dependent child;

- (f) Charges incurred in connection with cosmetic surgery or treatment except as provided under Section 7.2(a)(xvii).
- (g) Charges incurred in connection with injuries sustained while engaged in any employment for remuneration or diseases for which benefits are payable in accordance with the provisions of any workers' compensation or similar law;
- (h) Charges incurred while the employee or dependent, as the case may be, is confined in a hospital or other facility owned or operated by a governmental agency in which care and treatment is provided at the expense of such governmental agency;
- (i) Charges in connection with self-inflicted injuries or injuries arising out of or sustained at any time throughout the course of a commission of a felony by the covered employee or dependent;
- (j) Except as provided in subsection 7.1(j)(iii)(2), charges incurred for any medical observation or diagnostic study when taken as a matter of routine physical examination or health checkup;
- (k) Charges incurred for transportation or travel other than as provided in Section 7.2(a)(v) of this Article;
- (l) Charges incurred on account of injury or other loss sustained as a result of war, or any act of war, whether war is declared or not, or any act of intentional armed conflict involving armed forces of any international authority;
- (m) Charges incurred before the date on which the individual on whose account the charges were made becomes covered;
- (n) Rest cures, convalescent, custodial, or similar types of care, except as provided in 7.2(a)(xii) above;
- (o) Hospital confinement or services and supplies in connection therewith where confinement is primarily for professional studies, X-ray examinations, laboratory examinations, basal metabolism tests, electrocardiograms, or physical therapy, except where hospital confinement is medically necessary (i.e., certified as being such by attending Physician) for the studies, examinations, tests or therapy involved;
- (p) Hospital confinement, X-ray examinations or other medical services and supplies in connection therewith for dental work or treatment, except for charges resulting from an accidental bodily injury for which the employee or dependent is not entitled to benefits under any workers' compensation law or act and charges incurred in connection with dental surgery or treatment of a fractured jaw or surgical removal of tumors or cysts in the mouth;

- (q) Hospital expenses for therapeutic procedures not related to the condition being treated.
- (r) Charges for procedures that are experimental in nature.
- (s) Charges for surgical procedures for weight loss, i.e. gastric bypass, effective July 1, 2003.

7.5 Claims and Resolution of Disputes:

- (a) The Company will provide employees with a claim form for completion by the employee and the medical care service provider which will include such information or evidence as is reasonably required to prove that the services and supplies qualify for reimbursement under this Plan. Upon completion, the claim form, and where applicable, all necessary itemized statements and receipts, must be submitted to the Company, or its designated claims representative for processing. Proof of loss on which claim may be based must be furnished to the Company not later than one year after the date of such loss. Failure to furnish such proof within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to furnish such proof and that such proof was furnished as soon as was reasonably possible.
- (b) The Company shall have the right and opportunity to examine the person of the covered employee or covered employees' dependent as often as it may reasonably require during pendency of a claim under this Plan. The Company shall also be entitled to receive, to such extent as may be lawful, from attending or examining physicians or from hospitals providing benefits hereunder, such information and records relating to attendance or examination of, or treatment rendered to, a beneficiary as may be required in the administration of any claim, provided, however, that the Company shall in every case hold such information and records as confidential.
- (c) Claim Procedures. Initial decisions concerning benefit payments are made by the Plan's Contract Administrator. A covered employee who believes he has not received benefits for which he is eligible may file a claim with the Company within one year after he receives the Contract Administrator's decision. The Company will designate a representative who will be available to discuss claims with covered employees or Local Union representatives.

Within thirty (30) days after receipt of the claim, the Company will provide the Claimant with written notice of the decision concerning the claim. If, because of special circumstances, the Company cannot render a decision on the claim within the 30-day period, the Company may extend the period in which to render the decision up to an additional thirty (30) days, for a total of up to sixty (60) days. The Company will provide the claimant with a written notice of such extension and the expected decision date. If the claim is wholly or partially denied, the written notice

of the decision will inform the claimant of:

- (1) the specific reasons for the denial;
- (2) the specific provisions of the Plan upon which the denial is based;
- (3) any additional material or information necessary to perfect the claim and reasons why such material or information is necessary; and
- (4) the claimant's right to request review of the denial and how to request such review.

If written notice of the decision is not given to the claimant within thirty (30) days after the Company's receipt of the claim, plus extension, if any, the claim shall be deemed to be denied for purposes of the claimant's right to request a review of the denial.

- (d) **Appeal Procedure.** Within one hundred eighty (180) days after the receipt of a written notice of a denial of all or a portion of a claim, the claimant, the Union, or an authorized representative may request a review of the denial, in writing, from a Committee appointed by the Company. The request should be filed with the Company. Written issues and comments may be submitted to the Committee along with the review request. During the 180-day period following notice of the denial, the claimant, the Union, or the authorized representative may examine the Plan and any other documents upon which the denial is based.

Upon receipt of a written request for review of a claim denial, the committee will undertake a full and fair review of the claim denial and provide the claimant with written notice of its decision within sixty (60) days after receipt of the review request.

The written notice of the Committee's decision will inform the claimant of the specific reasons for the decisions and the specific provisions of the Plan upon which the decision is based. If written notice of the decision is not given to the claimant within the initial period, plus extension, if any, the claim shall be deemed denied on review.

- (e) **Grievance Procedure.** Following any full or partial denial of a claim on review, the claimant or the Union may proceed to the grievance procedure provided in the Agreement, beginning at the third step.

Article VIII - Dental Care Benefits

- 8.1 **Eligibility.** All covered employees and covered dependents are eligible for dental care benefits as described herein.

8.2 Definitions: For the purposes of this Article VIII, the following definitions shall apply:

- (a) "Deductible Amount" under this Article VIII shall mean the first \$100.00 of covered dental expense incurred by each eligible employee and each eligible dependent in a calendar year. The deductible amount shall be waived with respect to the following preventive covered expenses:
 - (i) Two oral examinations including scaling and cleaning of teeth in each calendar year;
 - (ii) Topical application of sodium or stannous fluoride;
 - (iii) Dental X-rays;
- (b) "Covered Expenses" shall mean the reasonable and customary charges incurred for those dental services, supplies, and treatment itemized below when performed by or ordered by a legally qualified dentist due to the necessity of preventing dental disease or treating injured or diseased teeth or supporting bone tissue:
 - (i) Two oral examinations including scaling and cleaning of teeth in each calendar year;
 - (ii) Topical application of sodium or stannous fluoride;
 - (iii) Dental X-rays;
 - (iv) Extractions;
 - (v) Oral surgery, including incisions of impacted teeth;
 - (vi) Fillings;
 - (vii) Anesthetics administered in connection with oral surgery or other covered dental services;
 - (viii) Injections of antibiotic drugs by the attending dentist;
 - (ix) Space maintainers;
 - (x) Treatment of periodontal and other disease of the gums and tissues of the mouth;
 - (xi) Endodontic treatment, including root canal therapy;
 - (xii) Initial installation (including adjustments during the six (6) month period following installation) of partial or full removable denture;

- (xiii) Replacement of an existing partial or full removable denture or fixed bridgework or the addition of teeth to an existing partial removable denture or the bridgework to replace extracted teeth, but only if;
 - (1) The replacement or addition of teeth is required to replace one or more additional natural teeth extracted after becoming covered by this Plan; or
 - (2) The existing denture or bridgework was installed at least five (5) years prior to its replacement, and the existing denture or bridgework cannot be made serviceable, or
 - (3) The existing denture is an immediate temporary denture and replacement by a permanent denture is required and takes place within twelve (12) months from the date of installation of the immediate temporary denture; or
 - (4) The replacement or alteration is necessary because of oral surgery.
 - (xiv) Inlays, onlays, gold fillings, and crowns (including precision attachments for dentures);
 - (xv) Initial installation of fixed bridgework (including inlays and crowns to form abutments);
 - (xvi) Repair or recementing of crowns, inlays, bridgework, or dentures or relining of dentures.
- (c) "Reimbursable Amount" shall mean one hundred per cent (100%) of all reasonable and customary charges for covered expenses described in subsection 8.2(b)(i), (ii) and (iii) and eighty (80%) per cent of the amount by which the reasonable and customary charge for other covered expenses exceeds the deductible amount, up to an aggregate maximum reimbursement of five hundred dollars (\$500.00) for all such expenses incurred by each eligible employee or eligible dependent in a calendar year. Effective January 1, 2000 the maximum reimbursement allowed per calendar year will increase from \$500 to \$750 for expenses incurred by each eligible employee or eligible dependent. Effective July 1, 2003, the maximum reimbursement allowed per calendar year will increase from \$750 to \$1,000 for expenses incurred by each eligible employee or eligible dependent.
- (d) "Reasonable and Customary Charges" shall have the same meaning under this Article VIII as set forth in Section 7.1(a).
- (e) "Orthodontic Appliances and Treatment" shall mean the prevention or correction of teeth irregularities and malocclusions of jaws by wire appliances, braces or other mechanical aids.

- 8.3 **Dental Care Expense Benefits:** If, while covered under this Plan, an employee or an eligible dependent shall incur covered expenses as defined herein, the Plan will pay to said covered employee or dependent the reimbursable amount as defined herein subject to the limitations and exclusions hereinafter set forth. An expense shall be deemed incurred on the date the service or supply from which the expense arises is rendered.
- 8.4 **Exclusions and Limitations:** No reimbursement shall be payable for, or in connection with charges for:
- (a) Orthodontic appliances and treatment;
 - (b) Treatment on or to the gums for cosmetic purposes (including realignment of teeth);
 - (c) Prosthetic services (including bridges and crowns) started or underway prior to the date covered by this Plan;
 - (d) Replacement of lost or stolen prosthetics;
 - (e) Rebase or relining of a denture in less than six (6) months from the date of initial placement and not more often than once in any two (2) year period;
 - (f) Any service rendered prior to the date the person became covered by this Plan;
 - (g) Expenses incurred after termination of coverage under this Plan except for prosthetic devices which were fitted and ordered prior to termination and which are delivered within thirty (30) days after termination;
 - (h) Services or supplies to the extent that benefits are otherwise payable under the Company's medical plan;
 - (i) Services or supplies which are in connection with an accident or disease related to employment and which are compensable under any workers compensation or occupational disease law;
 - (j) Services or supplies provided by the U.S. Government or any State or political subdivision thereof or under any other Governmental program unless it is compulsory for the patient to pay;
 - (k) That portion of any charge for "Covered Expenses" which is considered in excess of a "Reasonable and Customary" Charge;
 - (l) Charges for procedures that are experimental in nature.
 - (m) Further limitations:
 - (i) **Restorative:** Gold, baked porcelain restorations, crowns and jackets: If a tooth can be satisfactorily restored with a material such as amalgam,

appropriate payment for that procedure will be made toward the charge for another type of restoration selected by the patient and the dentist. The balance of the treatment charge will remain the responsibility of the patient;

- (ii) Reconstruction: Appropriate payment will be made toward the cost of procedures necessary to eliminate oral disease and to replace missing teeth. Appliances or restorations necessary to increase vertical dimension or restore the occlusion will be considered optional and their cost will remain the responsibility of the patient.

Prosthodontics:

- (i) Partial Dentures: If a cast chrome or acrylic partial denture will restore the dental arch satisfactorily, appropriate payment for that procedure will be made toward the charge for a more elaborate or precision appliance that patient and dentist may choose to use, and the balance of the cost will remain the responsibility of the patient;
- (ii) Complete Dentures: If, in the provision of complete dentures, the patient and dentist decide on personalized restorations or specialized techniques as opposed to standard procedures, appropriate payment will be made for the standard denture, and the balance of the cost will remain the responsibility of the patient.

8.5 Claims:

- (a) A claim for benefits under this Dental Plan must be made within ninety (90) days following receipt by the covered employee or covered dependent of the bill for services rendered. However, except in the case of emergencies, if it is estimated that dental expenses will be greater than \$200.00, the employee must have his dentist submit a treatment plan on a form provided by the Company. The claims administrator will review the treatment plan and furnish the dentist with an estimate of the amount of the charges that will be approved as "Covered Expenses" under the Dental Plan. The approval of the claims administrator must be obtained before the work is commenced when dental charges (other than charges for emergencies) exceed \$200.00.
- (b) The company shall provide employees with a claim form and dental chart for completion by the dentist, which will include such evidence as is reasonably required to prove that the services or supplies qualify as covered expenses under this Plan.
- (c) Upon completion by the Dentist, the Employee shall submit the claim form to the Company's authorized claims administrator for processing. Unless benefits have been assigned to the Dentist, payment will be made directly to the Employee.

Article IX – Funding

9.1 **Plan Funding.** Funding of the Plan is shared by the Company and covered employees, as follows:

(a) Each covered employee will make an annual election for coverage prior to January 1 of each year for the following years health care coverage. Effective July 1, 2003, and continuing during the term of this agreement, each covered employee is required to make regular contributions under one of the following schedules:

(1) Contribution Schedule MorrellCare "A"

(i) For the term of this agreement, contributions equal to \$12.50 per week for the covered employee only, or \$25.00 per week for the covered employee and all of his or her eligible covered dependents; and

(2) Contribution Schedule MorrellCare "B"

(i) For the term of this agreement, contributions equal to \$7.38 per week for the covered employee only, or \$15.51 per week for the covered employee and all of his or her eligible covered dependents; and

(3) Contribution Schedule Traditional Plan "A"

(i) For the term of this agreement, contributions equal to \$16.93 per week for the covered employee only, or \$33.77 per week for the covered employee and all of his or her eligible covered dependents; and

(4) Contribution Schedule Traditional Plan "B"

(i) For the term of this agreement, contributions equal to \$7.75 per week for the covered employee only or \$16.34 per week for the covered employee and all of his or her eligible covered dependents; and

(b) For each Calendar Year, each eligible employee will make a new annual coverage and Contribution Schedule election to be effective January 1st of that year, and will be required to make regular Employee Contributions through December 31st of that year. For each year, the amount of Employee Contributions for each Contribution Schedule will be actuarially determined to fund the amount by which Plan claims are projected by the actuary to be greater than the Company's contribution for that year. Employee contribution rates for each year will stay in effect for that entire Calendar Year, except the 2007 rates which will expire when this Agreement

expires.

- (c) Employee contributions must be made by payroll deductions, on a weekly basis, except in cases of absence covered under Section 5.1, payable to an appropriate Plan to be established by the Company under Section 125 of the Internal Revenue Code of 1986. Employee contributions will be made in such manner that they will not be included in the employee's taxable income, provided, however, that the wages of employees shall not be deemed to have been reduced by the amount of any contributions for any other purpose under the collective bargaining agreement. An employee is allowed to start or stop payroll deductions no more than once in any twelve-month period, and only at the time of the annual election.
- (d) For each Calendar Year, the Company's annual contribution will be determined actuarially. If aggregate claims are projected by the Company's actuary to increase from one year to the next, the Company's annual contribution will be increased by up to 5% per covered employee. If aggregate claims are projected by the Company's actuary to decrease from one year to the next, the Company's annual contribution will remain level. Notwithstanding any other provision of the Plan, the Company will contribute, for any Calendar Year, no more than 105% of the Company's contributions, on an average per covered employee basis, for the 12-month period ending on the previous June 30th. The above funding formula based on the 5% per covered employee shall be inoperative during the term of this agreement and shall not resume until the next contract between the parties.

It is understood that the agreed-to rates for the 2003 contract are predicated in large part on the continuation of the present "Morrell Care Plan" as it is known in May, 2003. Should a substantive change occur during the term of the agreement which materially changes plan costs, the parties agree to implement the provisions of Paragraph 9.2 of Appendix D to address the unforeseen change and seek resolution. Substantive changes, by way of example, but not inclusive, would include a national health care program, the bankruptcy or dissolving of a major health provider, a major provider's refusal to continue to be part of the network, or a major provider's refusal to renew a contract at a reasonable rate of pay. The result of the solution and any implemented changes shall be subject to the grievance/arbitration procedure.

9.2 Joint Committee for Cost Containment.

- (a) For each Calendar Year beginning with 1995, a Joint Committee for Cost Containment, consisting of two (2) representatives appointed by the Union and two (2) representatives appointed by the Company, will cooperate in developing changes in Plan coverage and cost containment strategies.
- (b) To the extent that any provision of this new Appendix D comes into conflict with Federal law or regulations as a result of changes to the U.S. health care system during the term of the agreement, the Committee will meet to resolve those differences.

- (c) **Procedures.** As soon as is practicable after each Calendar Year, the Company will provide information to the Union to allow for a review and analysis of the present Plan. When the analysis is complete, the Company and the Union will work together, through the Joint Committee, to improve the Plan in order to provide the best possible benefits for the lowest cost. The Joint Committee will meet periodically during the year.
- (d) **Changes in Coverage, Cost Containment Measures.** The Joint Committee will cooperate, combining the efforts of the Company and the Union, in developing ways to modify the Plan's coverage elements to provide quality coverage at affordable costs. Changes may include, but are not limited to, preferred provider arrangements, treatment incentives, group purchasing arrangements, and changes in the ways treatments are covered by the Plan.

SECTION B. RETIREMENT BENEFITS

Article I – Eligibility

- 1.1 **Eligibility.** An employee who retires, under the provisions of the Morrell Hourly Employees Pension Plan, during the term of this Agreement, may elect coverage for the employee and eligible dependents under the Morrell Health Care Plan which applies to active employees at the time of retirement, subject to the requirements of Article II - Funding, below. If elected, this coverage becomes effective on the employee's retirement date. If the employee declines this coverage at the time of retirement, the employee and dependents lose their eligibility, except for such eligibility as they may have for Continuation Coverage under SECTION A, Article V, Section 5.6.

Article II – Funding

- 2.1 **Retiree Costs.** Except as provided in Section 2.2 below, the full cost of this coverage will be paid by the retired employee or the retired employee's covered dependents. The covered persons will be required to make monthly payments. The Company has the discretion to establish the method of funding and the monthly premiums necessary to be paid by retirees who retire under the term of this agreement. The Company maintains the right to modify, change and/or terminate the health care provision for past retirees.
- 2.2 **Company Allowance.** Any employee who reaches 30 years of service during the term of this agreement, may retire under the Plan's 30-year Pension provision as, defined in the Plan, and shall receive a \$100 monthly health care supplement until age 65. However, such supplement shall cease with the expiration of this contract and any future retirees will not receive the health care supplement.

**SECTION C - COVERAGE OF SURVIVORS OF
CERTAIN DECEASED COVERED EMPLOYEES**

- 1.1. If a covered employee with at least twenty (20) years of credited service dies while in the employ of the Company, the employee's covered dependents may elect the retire coverage described in SECTION B, Article I. However, this coverage will end:
- (a) in the case of the surviving spouse, the earlier of the date of the surviving spouse's death or remarriage, or, if the employee died before attaining age fifty-five (55), the spouse's attaining age sixty-five (65); and
 - (b) in the case of a dependent child, the earlier of the date of termination of the child's status as a dependent, as defined in SECTION A, Article I, Section 1.2, or termination of coverage of the surviving spouse.

UNION UFCW LOCAL 304A

James A. Tarron
Mark G. Elliott
Monte R. Martell

JOHN MORRELL & CO.

John Morrell
Robert Henderson
Amy Dykstra

APPENDIX E
PENSION AND RETIREMENT SAVINGS PLANS
TO AGREEMENT BETWEEN LOCAL 304A
UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION, AFL-CIO
AND
JOHN MORRELL & CO.

Sioux Falls, South Dakota

Effective with the April 26, 2003 agreement between the parties, Appendix E as stated in the 1994-1999 "Memorandum of Agreement" and as amended in April, 1999, will be further amended as follows:

1. **John Morrell & Co. Hourly Employees Pension Plan.**

(a) **Continuation of the Plan.** The Plan shall continue in effect during the term of this Agreement. There will be no further benefit accruals beyond March 31, 1989, and benefits payable upon retirement will be those which had accrued as of March 31, 1989, provided that employees will continue to accrue service for the purpose of benefit eligibility an employees may retire during the term of the Agreement at the retirement ages set forth in the Plan.

(b) Thirty-Year Pension

Any employee who reaches 30 years of service, as defined in the Plan, during the term of this agreement, may retire under the Plan's 30-Year Pension provision. Employees who retire under the Plan's 30-Year Pension provision shall receive the supplements identified in a. and b. below. However, such supplements shall cease with the expiration of this contract and any future retirees will not receive either of the below supplements.

(a) a \$100 monthly pension supplement until age 62;
and

(b) a \$100 monthly health care supplement until age 65.

(1) The \$5,000 earnings limitation will not apply.

(c) Disability Pension

(1) Any employee that is deemed as Permanently and Totally Disabled (PTD) under the terms and conditions of the John Morrell & Co. Hourly Employees Pension Plan shall be eligible to receive a one hundred dollar (\$100) monthly health care supplement. Eligibility is subject to (i) and (ii) below:

- (i) This supplement shall be paid by the Company when the employee applies for Disability Income Benefits, under the Social Security Act, at the employee's earliest eligibility date, usually six (6) months from the first date of disability.
- (ii) This supplement shall continue to be paid until the employee is entitled to receive Disability Income Benefits from Social Security and coverage under Medicare, OR a maximum of 24 months, OR the employee is entitled to Social Security Benefits and coverage under Medicare by virtue of age.

(d) Workers Compensation & Pension Benefits:

(1) Employees that retire and, subsequent to their retirement, seek payments under any workers compensation act for temporary total, temporary partial, permanent total, permanent partial, Cozine, or similar rehabilitation benefits, will have their monthly pension plan payments from the John Morrell Hourly Employee Pension Plan reduced, on a dollar-for-dollar basis for any weekly workers compensation payments received. Employee claims, whether newly filed, previously filed or a modification of an existing claim will be considered, and potentially included, for a pension reduction, unless they are filed, and eventually approved, within three (3) years of receiving treatment eligible for coverage under their claim or, in the case of lost-time compensation, from the company's last payment for eligible compensation benefits. This coordination shall continue until the earlier of, payments from workers compensation cease or the insurer's retention value is reached. Payments for physical impairment or specific loss of a body part are not considered or included in the pension reduction. Agreements, between the Company and the employee for workers compensation benefits are not considered or included in the pension reduction.

(2) **John Morrell & Co. Hourly Employees Retirement Savings Plan.**

All employees covered by this agreement who meet the eligibility requirements set forth in the Plan, may elect to participate in the Plan.

- (a) Effective July 1, 1998 the maximum employee savings level will be increased to 17%. Additional, or alternate, investment selections will also be reviewed to the extent that such additional options do not increase the company's administration cost for the Plan. Effective July 1, 2003, the eligibility requirements to participate in the Plan will be reduced from one year to the first of the month following six months of service or any month thereafter.
- (b) Effective July 1, 2003, the maximum amount of their income an employee can defer into the Plan will be increased from 17% to 50%.
- (c) Effective July 1, 1999 the Company shall make the following matching contributions:

<u>Years of Service</u>	<u>Amount of Matching Contributions</u>
Less than 1 year	-0-
1 Year or more	50% of the Participant's Before-Tax Contribution up to a maximum of 2% of Total Compensation.

- (d) For each Plan Year, the Company will contribute to the Trust a Profit Sharing Contribution of 1% of Base Compensation for any Participant with one year or more of service.

FOR THE UNION

James A. Farrow
Mark Gable
Mark R. Maytell
DATED 10/1/03

FOR THE COMPANY

George Jensen
Butch Anderson
Amy Dylstra