

SUMMARY

PROPOSED AGREEMENT BETWEEN ALCOA AND THE UNITED STEELWORKERS

JUNE 1, 2006



[Inside Cover]



United Steelworkers

2006 Master Contract Negotiating Committee

Your 2006 Master Contract Negotiating Committee was made up of committees from each of the Master Contract locations:

Local 104, Warrick Indiana;
Local 105, Davenport Iowa;
Local 115, Lafayette Indiana;
Local 155, Louisville Kentucky;
Local 303, Badin North Carolina;
Local 309, Alcoa Tennessee;
Local 400, Richmond Virginia;
Local 420, Massena New York (West Plant);
Local 450, Massena New York (East Plant);
Local 4370, Point Comfort Texas;
Local 4880, Bauxite Arkansas;
Local 4895, Rockdale Texas;
Local 5073, Gum Springs Arkansas;
Local 7972, Hot Spring Arkansas; and
Wenatchee Aluminum Trades Council, Wenatchee WA (including USW Local 310 and the separate craft unions in the plant)

Negotiations were difficult, lasting into the evening on the last day. With only hours to go, your Negotiating Committee voted, with one vote allowed for each location, to accept the Tentative Agreement and send it to you for a ratification vote.

While the Committee vote allows for one vote for each location, regardless of size, the ratification vote will be based on one member, one vote. The vote will be conducted by each local union. The results will be totaled, and each member's vote will count equally. The majority of the total votes cast will determine the results.

Ratification Vote will be held
Thursday, June 22, 2006
at your Local Union

Contents

To All USW Members at Alcoa Master Contract Operations.....	i
Economics	1
Term of Agreement.....	1
Ratification Bonus	1
Wage Increases.....	1
Pay for Performance Plans	2
Cost of Living Allowance	2
Active Employee Insurance Benefits.....	2
Active Health Care and Prescription Drug Coverage	2
Proposed Health Care Plan	3
Employee Health Care Contribution.....	3
Changes in Health Care Networks at Certain Locations.....	4
Proposed Prescription Drug Benefits.....	5
Prescription Drug Utilization Management Programs.....	6
Sickness and Accident Benefits	6
Life and Accidental Death and Dismemberment Insurance.....	6
Retiree Health Care Cap for Post - May 31, 1993 Retirees.....	7
Participant Premiums	8
Deferral and Re-enrollment	10
Retiree Health Care Cost Account.....	10
Retiree Protection for Eastalco and Lake Charles Retirees	11
Retiree Protection for Alcoa Closed or Sold Locations	11
Right to Bargain in Future over Retiree Health Care.....	11
Lump Sum Payments to Post-1993 Alcoa Surviving Spouses	12
Retirement Benefits.....	13
New Higher Seniority-Based Pension Formula	13
Pay and Benefits For New Hires	15
Language Issues	16
Employment Security and Contracting Out	16
Transfers, Recalls, Advance Notice of Retirement, and Job Training.....	16
Overtime	17
Pay for Performance Improvements.....	18
Joint Efforts Agreement.....	19
Eastalco and Lake Charles Plants	19
Total Productive Maintenance	20
Appendices.....	21
Prescription Drug Utilization Management	21
Standard Hourly Wage Rates	24

To All USW Members at Alcoa Master Contract Operations

Fellow Steelworkers:

From the first day of negotiations during the reopener in May of last year, industry analysts — the so-called “experts” — told us that the handwriting was on the wall. Alcoa, they said, was going to “modernize” our labor agreement, and we would be forced to accept the “realities of the global market.”

At the bargaining table, the Company explained these so-called “realities” and rolled out their vision for our future:

- **Implementation of the health care cap for our retirees**, with premiums that would quickly erase their pension checks.
- **Corporate health care — Alcoa’s 5-plan Select Benefits program — for everyone**, with premiums that started at \$125 per month and then increased every year, reaching \$250 per month for family coverage on the only decent plan.
- **No pension plan and more expensive health care for new hires**, with health-care premiums at the level that supervisors and management are now paying.

At Louisville and Richmond, the Machinists knuckled under to the Company’s demands. But you stood firm. We said no to Alcoa’s vision, and put forward one of our own:

- **Decent, affordable health care for our retirees**, who after all built the company into what it is today.
- **A single health care plan for everyone.**
- **No 2-tier benefit program** that would rob new hires of affordable health care and a pension.
- **Greater contracting out and job security protections.**

We knew that if we were to successfully resist the company’s agenda we had to make clear to Alcoa that we were prepared to fight.

And make it clear you did!

- **In the plants**, we communicated the facts through leaflets and meetings.
- **In our communities**, union members and retirees from our SOAR chapters stood on informational picket lines through the summer heat and into the winter cold.
- **Around the world**, Alcoa workers in other countries told the Company that globalization also means global solidarity, and that an injury to one is an injury to all.

With stickers on hard hats the message was sent:

We are “9,000 Strong” and we will “Leave No One Behind!”

This outpouring of solidarity proved decisive. In negotiations that went down to the wire, and with only a few hours remaining before the midnight strike deadline your Bargaining Committee reached a tentative agreement that:

- **Made solid gains in wages and pensions.** We increased wages by an average of \$0.45 per hour per year over the term and introduced larger seniority-based pension multipliers.
- **Made important gains in securing our jobs** by negotiating additional protections against contracting out and layoffs. We are better positioned to continue to our fight for good jobs with good wages and benefits.
- **Beat back the health-care cap** and its devastating effects on our retirees by negotiating tens of millions of dollars into a special fund to cover retiree health care costs. We have kept faith with those who came before and ensured health care for those who are retiring in the future.
- **Beat back Select Benefits health care** and maintained a single plan for all. We continue to have better health care than the overwhelming majority of industrial workers and by far the best plan within Alcoa.
- **Beat back the 2-tier** by negotiating that new hires will remain on the same health care plan and will have a real pension plan. We are united and maintain our solidarity into the future.

We all came together in solidarity and successfully stood up to the largest and most powerful aluminum company in the world. Only because Alcoa understood that we were prepared to face a major strike or lockout were we able to beat back the Company's demands and achieve our goals.

The following pages provide details about our proposed contract with Alcoa covering the fifteen Master Contract locations. We urge you to read this summary carefully, discuss it at work and with your families, and ask any questions you may have. We trust, as always, that you will make your decision in the best interests of your families, your communities, and your Union.

Yours in solidarity,

Tom Conway
Vice President
(Administration)

Leo W. Gerard
International President

Fred Redmond
Vice President
(Human Affairs)

Jim Robinson
Director, USW District 7
Chairman, Alcoa Negotiations

Terry Bonds
Director, USW District 12
Secretary, Alcoa Negotiations

Bill Pienta
Director, USW District 4

Billy Thompson
Director, USW District 8

Connie Entrekin
Director, USW District 9

Bob Bratulich
Director, USW District 11

Gary Beevers
Director, USW District 13

Economics

Term of Agreement

If ratified, the Proposed Agreement will be effective June 1, 2006 and expire on May 31, 2010.

Ratification Bonus

\$1,500 per active employee at work or who return to work by July 22, 2006. This bonus may be contributed to employees' 401(k) savings plan accounts.

Wage Increases

The Proposed Agreement increases wages by an average of \$1.82 per hour for *all* pay grades over the proposed term. This represents an average **annual** wage increase of \$0.45 per hour or 2.6%. The full standard hourly wage rate tables are shown at the end of this summary.

The wage increases are as follows:

- | | |
|---------------|--|
| June 5, 2006: | An immediate across-the-board increase of 2.5% for all job grades or an average of \$0.45 per hour across all locations. |
| June 4, 2007: | An across-the-board increase of 2.0% for all job grades or an average of \$0.37 per hour across all locations. |
| June 2, 2008: | An across-the-board increase of \$0.10 per hour for all job grades and a \$0.02 increase in the increment between the job grades. For example, employees in pay grade 22, the average under the Master Agreement, will receive an increase of \$0.50 per hour. |
| June 1, 2009: | An across-the-board increase of \$0.10 per hour for all job grades and a \$0.02 increase in the increment between the job grades. For example, employees in pay grade 22, the average under the Master Agreement, will receive an increase of \$0.50 per hour. |

The wage increases and signing bonus represent approximately \$2,500 in new money during the first year of the Proposed Agreement – more than enough to offset the health care premium. Over its term, the Proposed Agreement contains over **\$10,000** in new money based on a 40 hour week, not counting COLA, holiday, overtime, other wage premiums or what could be very significant new money due to the improvements in the Pay for Performance program.

New Money at Straight Time			
Year	New Money Per Hour	New Money Per Week (at 40 hours)	New Money Per Year (at 2080 hours)
2006	75¢ (i.e. \$1,500 Signing Bonus) + 45¢ wage increase = \$1.20	\$1.20 x 40 = \$48	\$1.20 x 2,080 = \$2,496
2007	45¢ + 37¢ = 82¢	82¢ x 40 = \$33	82¢ x 2,080 = \$1,706
2008	45¢ + 37¢ + 50¢ = \$1.32	\$1.32 x 40 = \$53	\$1.32 x 2,080 = \$2,746
2009	45¢ + 37¢ + 50¢ + 50¢ = \$1.82	\$1.82 x 40 = \$73	\$1.82 x 2,080 = \$3,786
Total			\$10,734

Pay for Performance Plans

The existing pay for performance plans will be revised to significantly increase the opportunity for payout and simplified to improve transparency. These plans will be location specific.

Cost of Living Allowance

The Cost-of-Living Allowance (COLA) will be updated with new adjustment dates and will continue through the term of the Proposed Agreement. The existing COLA “float” continues at \$1.496 per hour for Tennessee, Badin, Bauxite, Hot Spring, Gum Springs, Point Comfort and Rockdale; and at \$1.17 per hour for Davenport, Lafayette, Massena East, Massena West, Warrick and Wenatchee.

Active Employee Insurance Benefits

Active Health Care and Prescription Drug Coverage

Active health care coverage was among the most difficult and critical issues in these negotiations. Since June 2005, Alcoa has insisted that employees covered by the Master Agreement accept the *Select Benefits* health care plan, which covers salaried and non-Master Agreement employees. Alcoa’s demand for *Select Benefits* was why negotiations broke off without an agreement in August 2005.

The *Select Benefits* Plan offers five different health plans, four with employee premiums. Employees can choose between exposing their families to extremely large deductibles and out-of-pocket expenses or pay large monthly employee premiums. Under the Company’s proposal, benefits roughly comparable to what you have today would require employees to pay approximately \$250 per month for family coverage or \$1.50 per hour (based on 40 hours) by 2009.

Your Bargaining Committee took the position that all Master Agreement employees deserve high-quality health care benefits and that employees with serious health care conditions should not be forced to pay more simply because they are in poor health.

Your Bargaining Committee stood firm and prevailed. The Health Care plan under the Proposed Agreement remains a single plan. But faced with these challenges, it was necessary for us to agree to modest deductibles, employee premiums and higher drug copayments to achieve our goal. The modified plan will provide high-quality coverage and protect families from catastrophic medical bills.

Proposed Health Care Plan

Effective January 1, 2007

	In-Network	Out-of-Network	Network-Not-Available
Annual Deductible ¹			
Per Individual:	\$250	\$500	\$500
Per Family:	\$500	\$1,000	\$1,000
Copayment:	None	None	None
Company Reimbursement: ^{2,3}	90%	70%	80%
Employee Coinsurance: ^{2,3}	10%	30%	20%
Annual Out-of-Pocket Maximum: ⁴			
Per Individual:	\$1,000	\$2,000	\$1,500
Per Family:	\$2,000	\$4,000	\$3,000

Notes: ¹ Does not apply to Preventive Care/Wellness or to Organ Transplants at designated Centers of Excellence.

² Coinsurance amount replace co-payments that exist under the current plan.

³ In-network reimbursement and coinsurance are calculated according to the negotiated amount; the employee is not responsible for any amount in excess of the negotiated rate. Reimbursement for out-of-network services is 70% after any applicable deductible. Out-of-network and Network-not-available coinsurance is calculated according to the reasonable and customary (R&C) rate; the employee is responsible for any amount in excess of the R&C rate.

⁴ Annual out of pocket maximum includes deductible and coinsurance amounts for covered medical expenses each calendar year, excluding prescription drugs and amounts above R&C amount.

Employee Health Care Contribution

Effective January 1, 2007, employees will be required to pay \$20 per week or \$86.67 per month for medical and prescription drug coverage regardless of family size and the status of other coverage. This premium will be paid on a pre-tax basis through payroll deduction and will not increase during the term of the Proposed Agreement. In the event that two employees covered by the Master Agreement are married, two premiums will be due.

While your Bargaining Committee strongly resisted employee premiums, the \$20 per week premium will be dramatically lower than those paid by any Alcoa employees in the United States, including salaried employees.

Under the current Alcoa *Select Benefits* Plan, salaried employees pay \$70.87 per week (or \$307 per month) in 2006 for Select Medical Plan 5 and Rx Plan 3, and of course the salaried premiums go up each year. By 2009 those premiums could easily reach \$400 to \$500 per month. The table below compares the monthly premiums paid by other Alcoa employees, salaried and hourly.

Your solidarity and commitment enabled the Bargaining Committee to obtain employee premiums that are not only *lower* than the premiums paid by salaried employees and IAM members at Louisville and Richmond, but also much *lower* than Alcoa proposed in August 2005. Under the Company’s August 26, 2005 proposal, employees would have been required to pay \$28.85 per week (or \$125 per month) in 2006 for Select Medical Plan 5 and Rx Plan 3, increasing to \$57.69 per week (or \$250 per month) in 2009.

**Proposed Master Agreement Employee Premiums, 2007-2010
vs. Alcoa Select Benefits Premiums for Family Coverage, 2006**
Select Medical Plan 5, Rx Plan 3

Alcoa Employee Group	Monthly Premium 2006	Monthly Premium 2009
USW Master Agreement, Proposed Agreement	\$87	\$87
Alcoa Master Agreement Proposal, August 26, 2005	\$125	\$250
Alcoa Salaried Employees	\$307	\$400 to \$500 est.
IAM Richmond, VA and Louisville, KY	\$307	\$400 to \$500 est.

Note: Monthly premium includes premium for medical, prescription drug, sickness & accident, long-term disability, life insurance and AD&D coverage, 2006.

Changes in Health Care Networks at Certain Locations

During May 2006, the Company notified the Union that it would propose changes to the Preferred Provider Organization (PPO) health care networks at five active Master Agreement locations: Davenport, Iowa; Point Comfort, Texas; Gum Springs, Arkansas, Hot Springs, Arkansas; and Bauxite, Arkansas.

Alcoa has provided the Union leadership at each affected location with information on the proposed network change. The parties have agreed that the issue will be subject to review and the principles contained in the 1993 Managed Care Protocols. Further information on the proposed network changes will be provided to employees and retirees in these areas in the near future.

Existing HMO Options

Health Maintenance Organizations are currently available at several locations as an alternative to the Alcoa health care plan. No significant changes in HMO offerings are expected for 2007, but the financial arrangement for HMOs remains unchanged.

Proposed Prescription Drug Benefits

Effective January 1, 2007

	Effective January 1, 2007	
	Retail Pharmacy Network	Mail Order
Annual Deductible ¹		
Per Individual:	\$50	None
Per Family:	\$100	None
Maximum Supply:	30 days	90 days
Employee Coinsurance Amount, All Drugs:	20%	20%
Minimum Generic Coinsurance:	\$7.50	\$15
Minimum Brand Name Coinsurance:	\$15	\$30
Maximum Coinsurance:	\$40	\$80

Notes: ¹ Covered individuals who obtain prescription drugs from an out-of-network pharmacy must pay the full cost of the covered prescription at the time of purchase, and then submit a claim form and receipt to the prescription drug claims administrator. The covered individual will then be reimbursed at in-network retail level less the applicable deductible and copayment. The covered individual must also pay the difference between the network negotiated rate and the pharmacy's actual charge.

Covered individuals who use an out-of-network pharmacy in an emergency will be paid at the in-network level, with approval from your claims administrator.

Examples of Prescription Drug Coinsurance/Copayments

According to Alcoa, the average price for generic drug purchased at retail in 2005 was \$18, while the average brand name drug was approximately \$100.

Under the Proposed Agreement, an employee purchasing an \$18 generic drug at a network retail pharmacy would pay \$7.50 for the prescription (since the \$7.50 minimum is higher than the 20% coinsurance amount).

An employee purchasing a \$100 brand name drug at a network retail pharmacy would pay \$20 based on the 20% coinsurance (since $\$100 \times 20\% = \20 is greater than the \$15 minimum brand name copayment, but less than the \$40 maximum).

Similarly, an employee with an expensive prescription (such the anti-rejection medicine Prograf) that costs about \$500 for a 30-day supply, would pay \$40 for the drug (since the \$40 maximum is less than the 20% coinsurance $\$500 \times 20\% = \100).

If the employee filled his/her prescription for Prograf by mail order, s/he would pay \$80 for a 90-day supply (since the 20% coinsurance at the mail order price of $\$1,225 \times 20\% = \245 is greater than the \$80 maximum mail order coinsurance amount).

Prescription Drug Utilization Management Programs

In addition to the change in copayments described above, effective January 1, 2007, employees and retirees will be required to utilize generic drugs, when available, and mail order for long-term maintenance prescription drugs. Alcoa will also adopt a Managed Drug Limitation program effective January 1, 2007, which will limit the quantity of certain drugs that are eligible for coverage under the prescription drug plan. These programs are described in detail in the appendix to this Summary.

Sickness and Accident Benefits

Weekly Sickness and Accident Benefits will increase by an average of \$42 per week over the term of the Agreement. The weekly benefit amounts are payable for claims incurred on or after the dates shown below:

Job Grade	Current	June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	Increase
1-4	\$355	\$356	\$366	\$367	\$377	\$22
5-8	\$367	\$369	\$379	\$381	\$391	\$24
9-12	\$377	\$380	\$390	\$393	\$403	\$26
13-16	\$388	\$394	\$404	\$410	\$420	\$32
17-20	\$399	\$408	\$418	\$427	\$437	\$38
21-24	\$411	\$423	\$433	\$445	\$455	\$44
25 +	\$423	\$438	\$448	\$463	\$473	\$50

Dental and Vision Coverage

The dental and vision plans are unchanged.

Life and Accidental Death and Dismemberment Insurance

The current active life insurance benefit of \$40,000 will increase to \$44,000 effective June 1, 2006. AD&D benefits amounts will increase from \$20,000/\$40,000/\$80,000 to \$22,000/\$44,000/\$88,000.

Retiree Health Care Benefits

Retiree Health Care Cap for Post - May 31, 1993 Retirees

The May 31, 1993 Labor Agreement placed a cap on the Company's retiree health care costs for employees who retired after May 31, 1993. The Union initially agreed to the cap to address the Company's concerns about new rules on how to account for retiree insurance benefit obligations. The Union fully expected to move the effective date of the cap back in each subsequent set of negotiations. In fact, the cap was adjusted in negotiations in 1996 and again in 2001.

However, during the 2005 negotiations the Company took the position that it could not adjust the effective date of the retiree cost cap and that retirees would be required to pay the cost of all health care cost increases beginning in 2007. The Union estimated that if the issue remained unresolved, a non-Medicare retiree and spouse would be forced to pay over \$500 per month in just five years and as much as \$1,000 per month in just eight years.

Without action, post-1993 retirees would see their retirement income eaten up by increasing health care costs. Your Bargaining Committee was determined to prevent this from happening. This was among the most difficult and complicated issues in these negotiations.

The retiree cost cap was first negotiated as a way to lower the Company's long-term obligation for retiree health care, while preserving benefits. However, health care costs and the number of Alcoa retirees have dramatically increased since 1993. Making matters worse, the recent accounting and corporate scandals have caused accounting firms to be much more conservative -- including the area of how retiree health care costs and obligations are measured and reported.

Alcoa told the Union that moving the effective date of the cap from 2006 to 2010 would require a charge against its profits of over \$1 billion over the next few years. The Union's independent analysis has verified that Alcoa's accountants would indeed force the Company to account for moving the cap in this fashion. The Union's top bargainers were initially undeterred, but after months of discussions ultimately concluded that the Company would not adjust the cap without a long and bruising labor dispute.

Instead of a high-stakes, all-or-nothing strategy, the Union sought an alternative approach which would allow the Company to retain its cost cap without requiring retirees to bear the brunt of health care inflation.

The Union's Bargaining Committee concluded that the retiree cost cap would require the Company, retirees and active employees to make contributions if an agreement was to be reached.

The Proposed Agreement protects retiree health care benefits for employees who retired after May 31, 1993 through a four-prong strategy:

1. health care plan design changes to reduce costs below the 2006 cap without exposing retirees to large deductibles or catastrophic medical bills;
2. the same benefits for non-Medicare eligible retirees and the same prescription drug coverage for Medicare-eligible retirees as active employees;
3. affordable retiree health care contributions; and
4. a retiree health care account, funded by fixed and variable Company contributions and the retiree contributions, to pay costs above the cap and provide a cushion for future negotiations.

Retiree Health Care Benefit Plan Changes

Alcoa's approach to the retiree cost cap was simply to slash retiree benefits and pass on all future increases to retirees and surviving spouses through ever rising monthly premiums. Your commitment and solidarity dashed the Company's plans.

The Union kept faith with retirees by insisting on the highest level of benefits through a single health care plan.

The Proposed Agreement includes changes in the retiree medical and prescription drug plans designed to bring the cost of the retiree health care below the cap and avoid unaffordable retiree premiums.

Effective January 1, 2007, the health care plan for non-Medicare eligible retirees will contain deductibles and a 10% coinsurance paid by the retiree or dependent up to an annual maximum. These are the same changes being made to the health care plan covering active employees and described above. Retirees will also see the same changes to prescription drugs coverage as active employees. These changes will not be painless, but together they enabled your Bargaining Committee to maintain high-quality retiree health care benefits at premiums that retirees could afford.

Alcoa Medicare Supplement Plan and MedOption Supplement Plan

There is no change in the Alcoa Medicare Supplement Plan and MedOption Supplement Plan for Medicare eligible retirees and surviving spouses and their dependents who retired after May 31, 1993. However, prescription drug coverage for Medicare-eligible retirees will change as described for active employees and non-Medicare eligible retirees, effective January 1, 2007.

Participant Premiums

Effective January 1, 2007, retirees and surviving spouses and their dependents who retired after May 31, 1993 will be required to pay monthly premiums for Alcoa retiree medical and prescription drug coverage.

Monthly Retiree Health Care Premiums, 2007-2010
Per Retiree, Surviving Spouse and Spouse
 Employees Who Retired after May 31, 1993

	Non-Medicare Eligible Participants		One Medicare Eligible + One Non-Medicare Eligible Participant	Medicare Eligible Participants	
	Single	Retiree + Spouse		Single	Retiree + Spouse
Master Agreement Locations: Alcoa, TN; Badin, NC; Baton Rouge, LA; Bauxite, AR; Davenport, IA; Gum Springs, AR; Hot Springs, AR; Lake Charles, LA; Lafayette, IN; Lebanon, PA; Louisville, KY Plants 1 & 15; Massena, NY East and West Plants; Point Comfort, TX; Richmond, VA; Rockdale, TX; Troutdale, OR; Warrick, IN; Wenatchee, WA; Mobile, AL; Frederick, MD (Eastalco)	\$75	\$150	\$115	\$40	\$80
Closed and Sold Locations: Listerhill, AL; Bellwood, VA Extrusions Plant; Bristol, VA End Plant; Corpus Christi, TX; Fort Meade, FL; Houston, TX Can Plant; Kansas City, MO Can Plant; Longview, WA; Louisville, KY Plant 3; Chicago, IL; Richmond, IN; Salisbury, NC Can Plant; Seattle, WA Can Plant; Tampa, FL Can Plant; and Torrance, CA Extrusions Plant	\$150	\$300	\$225	\$75	\$150

Note: No additional premium is due for dependent children.

Comparison of Premiums as Announced by Alcoa and Under Proposed Agreement

These proposed premiums are significantly lower than the premiums that would be effective under the 2006 retiree cost cap in the absence of the Proposed Agreement as shown below.

**Monthly Announced vs. Proposed Retiree Premiums
Current Master Agreement Locations
Single Retiree Only**

Year	Non-Medicare Eligible Participants		Medicare Eligible Participants	
	Using Alcoa Data and Methodology	Proposed Agreement	Using Alcoa Data and Methodology	Proposed Agreement
2007	\$110	\$75	\$60	\$40
2008	180	75	80	40
2009	260	75	130	40
2010	340	\$75	140	\$40
2011	430	TBD	160	TBD
2012	530	TBD	170	TBD
2013	630	TBD	200	TBD
2014	\$750	TBD	\$220	TBD

Note: To be determined by bargaining in 2010 (TBD).

Deferral and Re-enrollment

Retirees, surviving spouses or dependents who have duplicate coverage may elect defer their participation in the Retiree Health Care Program. Participants who lose coverage from other sources will be allowed to enroll (or reenroll) in the Program immediately upon notice and payment of the applicable premium. Participants who elect to defer participation will be given the opportunity to enroll (or reenroll) in the Program during the next annual enrollment period.

A retiree who retired after May 31, 1993 and/or their surviving spouses and dependents may also defer enrollment in the Retiree Health Care Program if they have duplicate coverage because they are married to an active hourly employee or a salaried employee. A retiree who has duplicate coverage but not for his/her spouse may enroll the spouse in the Alcoa Retiree Health Care Program and defer his/her enrollment.

Participants who withdraw or whose coverage is terminated for failure to make the required premium contribution, will be allowed to enroll (or reenroll) in the Program after six months without coverage under the Program.

Retiree Health Care Cost Account

Under the Proposed Agreement, Alcoa will establish an Account to offset the cost of retiree health care above the retiree cost cap. The Account will include (1) Participant Premiums, (2) Medicare Part D Subsidy Contributions, (3) Company Fixed and Variable Contributions, and (4) the difference between the amount of retiree health care costs and the amount of the Cost Cap.

The Company and Union expect that this Account will protect Alcoa retirees from any additional premium increases during the term of the Proposed Agreement and build a “kitty” to help deal with the problem during the next round of negotiations.

Participant Premiums

Participant premiums will go into the Account to reduce the overall cost of the Program for the retirees covered by this agreement. These premiums will not go to the Company.

Medicare Subsidy Contribution

The Company will pay an annual contribution equal to 50% of the Medicare Part D Subsidy it receives from the federal government for the retirees covered by the Proposed Settlement.

Fixed and Variable Contributions

Finally, in addition to Participant premiums, the Cap, and the Medicare Subsidy Contribution, the Company will make a fixed contribution of \$30 million, *plus* a variable contribution if the price of aluminum on the London Metal Exchange exceeds \$0.862 per pound. The Company’s minimum variable contribution is \$20 million and the maximum is \$50 million.

The Medicare Part D subsidy, Fixed and Variable Contributions and Medicare Part B reimbursement will not apply to employees hired on or after June 1, 2006.

Retiree Protection for Eastalco and Lake Charles Retirees

The Retiree Health Care Agreement also protects the former employees, surviving spouses and future retirees from the Alcoa Frederick, Maryland (Eastalco smelter) and the Lake Charles, Louisiana plants.

Retiree Protection for Alcoa Closed or Sold Locations

Alcoa announced it would implement the retiree cost cap for employees who retired after May 31, 1993 from former Master Agreement facilities which were sold or shutdown before 2001. Alcoa insisted it could implement the previous retiree cost cap based on the 1996 Master Location Labor Agreements.

Protecting these retirees and surviving spouses was also a high priority for the Union Bargaining Committee. Effective January 1, 2007, retirees from these locations will participate in the same Program and Retiree Health Care Fund, though they will pay slightly higher monthly premiums as shown above. Until then, the Union has negotiated somewhat reduced premiums effective September 1, 2006.

Right to Bargain in Future over Retiree Health Care

Retiree health care benefits for employees who retired after May 31, 1993 will continue to be mandatory subjects of bargaining in the 2010 Master Agreement negotiations. The Union also agrees to withdraw and settle the pending lawsuit on the changes made to retiree health care benefits at the closed or sold locations.

Medicare Part B Reimbursement

There are no changes in the amounts of the Medicare Part B reimbursements for employees who retired after May 31, 1993, however, they will be capped at current amounts.

Retiree Group	Medicare Part B Reimbursement Per Participant
Participants enrolled on or after June 1, 1993 but prior to January 1, 1994	\$88.50
Participants enrolled on or after January 1, 1994 but prior to April 1, 2002	\$46.10
Participants (excluding new hires after June 1, 2006) enrolled on or after April 1, 2002	\$88.50
Employees hired on or after June 1, 2006	None
Participants enrolled from the Frederick MD (Eastalco) facility	\$50

The Medicare Part B reimbursements will also be capped for Lake Charles, Louisiana employees who retired on or after April 1, 2002.

Lump Sum Payments to Post-1993 Alcoa Surviving Spouses

The Proposed Agreement includes payments to surviving spouses of employees who retired after May 31, 1993, including the surviving spouses of employees who died while actively employed and who are receiving a monthly surviving spouse pension. The annual payments are shown below:

Payment Date	Post-May 1993 Surviving Spouses
November 2006	\$1,500
November 2008	\$1,500

These payments will also be made to the surviving spouses of employees who die during the term of the agreement, as well as surviving spouses from the Alcoa Frederick, Maryland and Lake Charles, Louisiana plants, and the surviving spouses of employees who retired after May 31, 1993 from former Master Agreement facilities which were sold or shutdown.

Retirement Benefits

Although retiree health care benefits were a major issue in these negotiations, your Bargaining Committee did not lose focus on the need for pension improvements.

New Higher Seniority-Based Pension Formula

The Proposed Agreement provides for improved pension multipliers for employees with 15 of more years of service, with significant improvements employees with over 30-years of service.

Currently, there are over 1,700 employees covered by the Master Agreement with over 30 years of service and another 1,000 employees who will have over 30 years of service by the end of the Proposed Agreement.

An employee retiring on or after June 1, 2006 with more than 30 years of service will receive an increase in their monthly pension benefit of \$30 per month *plus* \$12.75 to \$17.00 per year of service over 30 years, depending on their Job Grade.

Current and Proposed Pension Multipliers

Job Grade	Current Multipliers	Proposed Multipliers, June 1, 2006					
		Years of Service					
		0 to 15 Years		Over 15 to 30 Years		Over 30 Years	
		Multiplier	Increase	Multiplier	Increase	Multiplier	Increase
1-4	\$38.25	\$38.25	\$0.00	\$40.25	\$2.00	\$51.00	\$12.75
5-8	40.05	40.05	0.00	42.05	2.00	53.00	12.95
9-12	41.90	41.90	0.00	43.90	2.00	55.00	13.10
13-16	43.75	43.75	0.00	45.75	2.00	57.50	13.75
17-20	45.55	45.55	0.00	47.55	2.00	60.00	14.45
21-24	47.90	47.90	0.00	49.90	2.00	63.00	15.10
25-27	50.25	50.25	0.00	52.25	2.00	66.00	15.75
28+	\$51.25	\$51.25	\$0.00	\$53.25	\$2.00	\$68.25	\$17.00

Pension Examples

For example, an employee in Job Grade 22, retiring with 30 years of service will receive a monthly benefit (before reduction for surviving spouse coverage) of \$1,467 (or \$47.90 x 15 years, plus \$49.90 x 15 years). This represents an increase of \$30 per month (or \$2 per year of service between 15 and 30 years).

Similarly, an employee with 35 years of service will receive a monthly pension benefit of \$1,782 per month if s/he worked in Job Grade 22 (or \$47.90 x 15 years, plus \$49.90 x 15 years, plus \$63.00 x 5 years). This represents an increase of 106 per month.

As you can see from the tables below, under the Proposed Agreement, an employee with 40 years of service will receive a monthly pension benefit of \$2,097 per month if s/he worked in Job Grade 21 -- or as much as \$2,250 per month if s/he worked in Job Grade 28. This represents an increase of \$181 per month for an employee in Job Grade 22 and an increase of \$200 per month for employees in Job Grade 28.

**Monthly Pension Benefit
Based on Years of Service and Age at Retirement**

Service at Retirement	Job Grade at Retirement							
	28+	27-25	24-21	20-17	16-13	12-9	8-5	4-1
40	\$2,250	\$2,198	\$2,097	\$1,997	\$1,918	\$1,837	\$1,762	\$1,688
39	2,182	2,132	2,034	1,937	1,860	1,782	1,709	1,637
38	2,114	2,066	1,971	1,877	1,803	1,727	1,656	1,586
37	2,045	2,000	1,908	1,817	1,745	1,672	1,603	1,535
36	1,977	1,934	1,845	1,757	1,688	1,617	1,550	1,484
35	1,909	1,868	1,782	1,697	1,630	1,562	1,497	1,433
34	1,841	1,802	1,719	1,637	1,573	1,507	1,444	1,382
33	1,772	1,736	1,656	1,577	1,515	1,452	1,391	1,331
32	1,704	1,670	1,593	1,517	1,458	1,397	1,338	1,280
31	1,636	1,604	1,530	1,457	1,400	1,342	1,285	1,229
30	1,568	1,538	1,467	1,397	1,343	1,287	1,232	1,178
29	1,514	1,485	1,417	1,349	1,297	1,243	1,189	1,137
28	1,461	1,433	1,367	1,301	1,251	1,199	1,147	1,097
27	1,408	1,381	1,317	1,254	1,205	1,155	1,105	1,057
26	1,355	1,329	1,267	1,206	1,160	1,111	1,063	1,017
25	1,301	1,276	1,218	1,159	1,114	1,068	1,021	976
24	1,248	1,224	1,168	1,111	1,068	1,024	979	936
23	1,195	1,172	1,118	1,064	1,022	980	937	896
22	1,142	1,120	1,068	1,016	977	936	895	856
21	1,088	1,067	1,018	969	931	892	853	815
20	1,035	1,015	968	921	885	848	811	775
19	982	963	918	873	839	804	769	735
18	929	911	868	826	794	760	727	695
17	875	858	818	778	748	716	685	654
16	822	806	768	731	702	672	643	614
15	\$769	\$754	\$719	\$683	\$656	\$629	\$601	\$574

Note: The above monthly pension amounts are calculated for whole years of service, rounded to the nearest dollar, and do not include reduction for post-retirement surviving spouse coverage.

Pay and Benefits For New Hires

Another major obstacle in these negotiations was Alcoa's insistence that new hires receive lower pay and benefits. Under the Company's August 2005 proposal, new hires would have more expensive health care, less vacation pay, would not be eligible for the pension plan, and would have no retiree health care benefits.

Unchallenged, the Company's proposed two-tier arrangement would divide our membership and slowly erode our solidarity and ability to fight for health care and pension improvements. The concept of equal pay for equal work is a core principle of the Labor Movement. Your Bargaining Committee stood firm and resisted the Company's efforts.

Under the Proposed Agreement, new hires will receive the same active health care, retiree health care and vacation as current Master Agreement employees.

While your Bargaining Committee fought the Company's demand that new hires be excluded from the current pension plan, we were not able to eliminate all changes. The Tentative Agreement provides that employees hired after June 22, 2006 will continue to participate in a defined benefit pension plan with the same disability pension protection as current Master Agreement, but it will not have 30-and-out, Rule-of-65 or 70/80 shutdown pension options. The early retirement option for new hires will instead require age 57 and 35 years of service or more to retire with an immediate, unreduced pension. The pension multipliers applicable to employees hired after June 22, 2006 will also be slightly lower as shown below.

Employees Hired After Date of June 22, 2006 Proposed Pension Multipliers

	Current Multipliers	Proposed Agreement	
		0 to 20 Years	Over 20 Years
1-4	\$38.25	\$33.00	\$38.25
5-8	40.05	34.55	40.05
9-12	41.90	36.15	41.90
13-16	43.75	37.50	43.75
17-20	45.55	39.05	45.55
21-24	\$47.90	\$41.15	\$47.90
25-27	50.25	43.25	50.25
28+	\$51.25	44.00	51.25

Also, employees hired after the June 22, 2006 of the new Labor Agreement will not be eligible for the Medicare Part B reimbursement after retirement.

Language Issues

Employment Security and Contracting Out

Contracting out is not only a matter of ensuring our work continues to be our work, it is also a threat to our job security. During these negotiations we were able to make advances in each area.

In our Contracting Out Process a number of factors are used. One is the “Burden Rate” (an accounting term for the total cost of employment). This rate includes such things as benefit costs and taxes. One issue we have had with the Company is that they use the cost of health care for retirees in this rate. This makes it look like Steelworkers are more expensive when compared to contractors who do not have this cost.

The Tentative Agreement provides that the Company will no longer use the cost of health care for retirees when making cost comparisons with contractors.

One of our concerns has been that the Company will contract out our work and lay off Steelworkers. The Tentative Agreement (in a letter of understanding) states:

This letter will confirm the agreement reached during 2006 negotiations that consistent with the parties intent and the Company’s commitment to employment security, the Company will not contract out work for performance within the plant that is currently performed by bargaining unit employees if such contracting out would directly result in the layoff from the plant of an employee who has two or more years of Company seniority on June 1, 2006 or who attains two or more years of Company seniority during the term of the 2006 Labor Agreement.

Finally, to provide additional job security, the Company has committed that there will be no layoff in any plant unless the layoff would involve more that 35 people or 10% of the workforce, whichever is less. In such cases, the Company will offer a “quit package” of \$10,000 plus \$400 for each year of company seniority. If at least 75 percent of the total number to be laid off accept the package there would be no layoff from the plant.

This provision would not apply in cases of Acts of God, terrorism, strikes, war or other major events beyond the control of the Company. It would also not apply when a plant or department (or a substantial portion) is declared shut down.

Transfers, Recalls, Advance Notice of Retirement, and Job Training

The issue of transfers and recalls has caused a number of problems. From the Union’s point of view, too many people are being held back by the Company after they successfully bid on a new job. The Company has argued that high levels of training – including training required by vacancies due to retirements – are making it difficult to transfer people.

In the case of retirements, the Tentative Agreement provides an incentive to give advance notice of retirement. If you give three full months notice of your intention to retire, as well as make application to retire, you will receive a \$500 lump sum. If you later change your mind and do not retire, the lump sum will no longer be available when you do retire.

The Tentative Agreement contains the following additional resolutions to these issues:

1. The employee's departmental seniority and bidding rights in the department to which he is transferring or being recalled would commence as of the date the Company would have physically transferred or recalled such employee absent the Company's decision to require the employee to temporarily remain elsewhere.
2. An employee who is awarded a transfer to another department or recalled to his or her home department will be released from his or her current department no later than sixty (60) days from the date of the award or recall. The parties agree that the "date of the award" for the purposes of this letter will be defined as the first Monday following the removal of the vacancy posting or recall. An employee may be held for more than sixty (60) days from the date of the award in the event of an unforeseen or unusual circumstance, but in no event will an employee be held for more than ninety (90) days from the date of the award.
3. If an employee is held for more than thirty (30) days from the date of the award, the employee will receive the rate of pay for the classification on which he is being held or the classification to which he will transfer, whichever is higher, for the period of time he is held after thirty (30) days from the date of the award, up to and including sixty (60) days, or if applicable, ninety (90) days.
4. An employee hired on or after June 1, 2006, will not be considered for an interdepartmental transfer to fill a vacancy in a new job classification in another department or a vacancy in an existing classification in another department unless that employee has been in his/her current department for at least twelve (12) months. This twelve (12) month requirement will not apply to vacancies for apprenticeships for skilled crafts.

In addition, where a local agreement on these issues already exists, the local agreement will remain in effect unless the Local Union and the Plant Management agree to change it.

Finally, to begin a process of finding a long-term solution to the problem of lack of adequate job training, the Tentative Agreement contains a commitment to a joint Union/Management study of job training needs and problems with the goal of reaching agreement on solutions.

Overtime

Last year the Company announced that, as a result of a study of the effects of overtime on injury rates, it would implement a rule limiting hours of work to 64 hours per week. Our Union has long argued that high levels of overtime are undesirable, for safety and other reasons. We responded that we would oppose the reduction of overtime through the use of forced overtime and contracting out.

When the Company implemented the 64 hour rule we challenged it as violating our agreements on overtime distribution. In two major arbitrations, we won the first case (covering Tennessee, Badin, Bauxite, Point Comfort, and Rockdale) and lost the second (covering Warrick, Davenport, Lafayette, Massena West, and Wenatchee).

During the negotiations, the Company insisted that its rule be recognized in the contracts. We insisted on limitations on forced overtime. As a result, for the first time in many years we have negotiated limits on forced overtime, and the “64-hour” rule is recognized in the agreement.

The following limitation (included in a letter agreement to be included in each of the Master Agreement contracts) on forced overtime:

Beginning September 1, 2006, each location covered by this Agreement will implement guidelines restricting employees from being unexpectedly forced to work overtime more than five (5) shifts in a rolling four (4) week period. During any seven day scheduling period, should the percentage of voluntary overtime for the involved distribution unit fall by 10% or more below the prior calendar year’s average the forced overtime limits for that period will not apply. There may also be circumstances necessitating the suspension of the limitation described above. Examples of such situations include, but are not limited to such things as; significant environmental, health or safety incidents or significant customer impact, etc. Additionally, no employee shall be unexpectedly forced to work more than two (2) shifts in any seven day scheduling period.

The Company’s rule limiting hours of work to 64 hours per week (66 hours in locations working 12-hour shifts) will be an acceptable reason for deviating from the low and/or junior person or equalization requirements of overtime distribution procedures.

In recognition of the 50/50 split in the two arbitration cases, grievances from the locations not covered by the two arbitrations (Louisville, Richmond, Massena East, Hot Spring, and Gum Spring) will be settled for 50% back pay.

Pay for Performance Improvements

In an effort to both give employees an opportunity to make more money and to stimulate greater cost savings at each location, the Tentative Agreement makes a number of changes to the Pay for Performance program. These changes are applicable at all locations except Gum Springs, Badin, Louisville 15, and Massena Global Cold Finishing, where the existing plans will stay in effect.

The changes include redesign of the factors that lead to pay-outs at each location. The following principles are to be used:

- a minimal number of financial improvement measures will be identified and established;
- the payout to employees for Performance Pay will consist of 20% of the savings associated with improvement as measured against the base for each factor with all factors netted together;

- the award opportunity will be based on Location measurements or on a smaller than location basis if agreed to by the parties;
- the plan is intended to stimulate improved engagement and problem solving to achieve significant improvement over past performance in cost improvement and productivity;
- **plan results will vary by location but will be designed to provide employees a realistic opportunity to earn approximately twice the percentage payout of historical performance in aggregate if performance measurements are achieved; and**
- at locations with more than one business unit, the Union shall have the right to pool the results of the units with the pool weighted in proportion to reflect the number of employees in each of the units.

One of the most important changes in this plan is that the Pay for Performance plan, once set up, will remain unchanged during the term of the contract – the Company will not be able to make changes without agreement and the Union will have the right to review information and arbitrate disputes concerning the calculation of payouts under the Plan.

Joint Efforts Agreement

There are some problems that we face that cannot be fixed at the negotiating table. These include such things as energy and health care – both of which directly impact our jobs and our standard of living. Another is the value of the dollar against other currencies – which affects the price of imports into and exports from the U.S.

For this reason, we have negotiated that Alcoa will establish a Public Policy Fund to work on these kinds of issues. This Fund will be financed by a contribution by the Company of \$0.54 per metric ton shipped.

Alcoa joins Goodyear Tire and the major steel companies in agreeing to establish this type of joint effort on public policy issues.

Eastalco and Lake Charles Plants

In the 2001 negotiations it was agreed that the non-Master plants at Eastalco, Maryland, and Lake Charles Louisiana, would have contract dates of 75 days following the Master contracts and would participate in the Master negotiations. Both locations participated, and we secured the following for them.

Retirees from Eastalco (which was idled this year) will be covered by the agreement on retiree health care.

Lake Charles will receive the following items from the Master settlement during their upcoming negotiations:

1. New hire pension plan and pension factors.
2. Active health care plan
3. Retire health care plan
4. Wages
5. Performance pay
6. Lump sum payments
7. COLA (same as former ABG locations)

Both locations will continue to have their contracts end 75 days after the Master and will again participate in the 2010 negotiations.

Total Productive Maintenance

The Company's "Total Productive Maintenance" program (TPM) has been an issue at some of the Master plants. This program begins with an "event" where a large group, including management, cleans and inspects a piece of equipment such as a mill. There has been an argument with the Company over whether this violates the "no supervisor working" clause in our contracts. The Tentative Agreement settles this argument by stating that management personnel may participate in an "event" but that this is without precedent to any other case where we object to our work being done by management.

Appendices

Prescription Drug Utilization Management

Mandatory Use of Generic Prescription Drugs

In addition to the change in copayments described above, effective January 1, 2007, if an employee's physician prescribes a brand-name drug that can be filled with the generic equivalent and the employee or dependent elects to have the prescription filled using a brand-name drug, the employee or dependent must pay the difference between the costs of the two drugs.

If an employee's physician submits satisfactory written evidence to Caremark that there is a pharmacological or medical reason why a brand name drug must be dispensed, the name brand drug will be authorized and covered.

The Company has agreed to notify all health care plan participants who are currently receiving brand name drugs for which there are generic equivalents of the mandatory generic program and the process for applying for an exception, if necessary. The communication will take place during the Fall of 2006, prior to the date that the mandatory generic program becomes effective.

Mandatory Mail Order Use for Long-Term Maintenance Drugs

Effective January 1, 2007, coverage for drugs designated by Caremark as Maintenance Drugs purchased at retail pharmacy prescriptions will be limited to an initial prescription and one refill at the same dosage during the last 365 days. Employees will be informed when filling a prescription that the drug is a designated maintenance drug that must be purchased through mail order after the initial prescription and one refill.

An exception will be made on behalf of an employee, retiree or dependent who is confined to a skilled nursing facility or resides in a long term care residence that has a policy that prevents a member from using medications dispensed through the mandatory mail order program.

Expansion of List of Prescription Drugs that Require Prior Approval

Under the Proposed Agreement, the list of drugs which require prior authorization from Caremark (the Company's Pharmacy Benefit Manager and Mail Service provider), before they are eligible for coverage under the prescription drug plan will expand.

Effective January 1, 2007, the following classes of prescription drug will require prior authorization from Caremark: ADD/Narcolepsy, Alzheimer's Agents, Anabolic Steroids, Anemia Agents, Antifungals, Arthritis Agents, Asthma, Botulinum Toxins, Gaucher's Disease, Growth Hormones, Interferons, Multiple Sclerosis, Osteoporosis, Pain Agents, Pigmenting Agents, Pulmonary Arterial Hypertension, Psoriasis, Testosterone, and Tretonin Topical (after age 35).

If you or a dependent have a prescription for one of the above drugs, your pharmacist or Caremark will try to contact your physician to verify that the drug is being prescribed according to guidelines established by the FDA and manufacturer.

This expanded list was the subject of a grievance arbitration in 2005 after Alcoa implemented it without the approval of the Union. Under the Proposed Agreement, the Company has agreed that any future changes in the list of drugs requiring prior authorization will require the mutual agreement of the Company and Union.

The expanded list of drugs requiring prior authorization has been effective since January 1, 2005 for Master Agreement retirees.

Managed Drug Limitation Program

Alcoa will also adopt a Managed Drug Limitation program which will limit the quantity of certain drugs that are eligible for coverage under the prescription drug plan. These quantity limits do not restrict the number of refills a patient may receive.

Under this program, the quantity and dosing level are limited to encourage pharmacists and doctors to adhere to the quantity recommended by the National Prescribing Guidelines and the Federal Drug Administration (FDA). Your retail pharmacist will receive a message on their system if you attempt to fill a prescription for a quantity above the established limit. Either you or your pharmacist must contact your doctor who must then contact Caremark's Prior Authorization Department to obtain approval for a quantity above the established limit.

If your doctor determines that you need a greater quantity of drugs than what is approved by the Caremark, you can obtain those amounts, but at your own expense. They will not be covered by the plan.

Effective January 1, 2007, the quantity of the following classes of prescription drug may be limited unless authorized by Caremark: erectile dysfunction (Viagra, Levitra and Cialis); migraine (Amerge, Axert, Frova, Imitrex, Maxalt, Migranal NS, Relpax, and Zomig); pain agents (Stadol and Oxycontin) and certain sedatives and hypnotics (Ambien, Dalmane, Doral, Halcion, Lunesta, ProSom, Restoril and Sonata). The quantities of these drugs are limited due to concerns of medication abuse, misuse and to prevent stockpiling.

The Managed Drug Limitation program was also the subject of a grievance arbitration in 2005 after Alcoa implement it without the approval of the Union. Under the Proposed Agreement, the Company has agreed that any future changes in the list of drugs subject to the Managed Drug Limitation program will require the mutual agreement of the Company and Union.

The Managed Drug Limitation program has been effective since January 1, 2005 for Master Agreement retirees.

Prescription Drugs Requiring Step Therapy

“Step therapy” is the name for a program requires that a patient attempt to use lower cost drugs before the health plan will cover more expensive brand name drugs. If a patient's physician can demonstrate that the patient has tried and failed to respond favorably to a different, less expensive drug, the patient may subsequently be approved to receive a step therapy medication.

Alcoa established mandatory “step therapy” programs under the active and retiree health care programs in January 2005 without the approval of the Union. In February 2006, an arbitrator order the Company to suspend the step therapy program after she concluded that Alcoa’s action violated the Health Care Benefits Agreement. Alcoa’s addition of the “step therapy” program to the retiree health care plan was not addressed by the arbitrator’s decision.

The Company argued that this program was necessary to control costs and physician’s prescribing practices. Although your Bargaining Committee was sympathetic to the Company’s concerns, the Union questioned the effectiveness of the program and the ability of patients to receive needed prescriptions in a timely fashion.

Ultimately, the Union convinced the Company that the step therapy program was not necessary for the active employee health plan, though it will remain in a part of the retiree prescription drug plan.

Retirees with prescriptions for COX-2 selective non-steroidal anti-inflammatory drugs (such as Celebrex); Proton Pump Inhibitors (such as Aciphex, Nexium, Prevacid, Prilosec, Protonix, and Zegerid) and certain prescriptions for Eczema will continue to be required to use a “first-line drug” before the plan will pay for a higher cost “second-line drug” prescribed by their doctor. However, a second-line drug may be covered if the first-line drug is found to be ineffective, or if they have a medical condition that prohibits them from taking the first line drug.

Standard Hourly Wage Rates

Tennessee, Badin, Bauxite, Gum Springs,
Hot Spring, Point Comfort, Rockdale

Job Grade	Current	Proposed Agreement				
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	Increase Over Term
1-2	\$14.467	\$14.829	\$15.125	\$15.225	\$15.325	\$0.858
3	14.647	15.013	15.313	15.433	15.553	0.906
4	14.828	15.199	15.503	15.643	15.783	0.955
5	15.008	15.383	15.691	15.851	16.011	1.003
6	15.188	15.568	15.879	16.059	16.239	1.051
7	15.369	15.753	16.068	16.268	16.468	1.099
8	15.549	15.938	16.256	16.476	16.696	1.147
9	15.730	16.123	16.446	16.686	16.926	1.196
10	15.910	16.308	16.634	16.894	17.154	1.244
11	16.090	16.492	16.822	17.102	17.382	1.292
12	16.271	16.678	17.011	17.311	17.611	1.340
13	16.451	16.862	17.200	17.520	17.840	1.389
14	16.632	17.048	17.389	17.729	18.069	1.437
15	16.812	17.232	17.577	17.937	18.297	1.485
16	16.992	17.417	17.765	18.145	18.525	1.533
17	17.173	17.602	17.954	18.354	18.754	1.581
18	17.353	17.787	18.143	18.563	18.983	1.630
19	17.534	17.972	18.332	18.772	19.212	1.678
20	17.714	18.157	18.520	18.980	19.440	1.726
21	17.894	18.341	18.708	19.188	19.668	1.774
22	18.075	18.527	18.897	19.397	19.897	1.822
23	18.255	18.711	19.086	19.606	20.126	1.871
24	18.436	18.897	19.275	19.815	20.355	1.919
25	18.616	19.081	19.463	20.023	20.583	1.967
26	18.796	19.266	19.651	20.231	20.811	2.015
27	18.977	19.451	19.840	20.440	21.040	2.063
28	19.157	19.636	20.029	20.649	21.269	2.112
29	19.338	19.821	20.218	20.858	21.498	2.160
30	19.518	20.006	20.406	21.066	21.726	2.208
31	19.698	20.190	20.594	21.274	21.954	2.256
32	\$19.879	\$20.376	\$20.783	\$21.483	\$22.183	\$2.304

Lafayette, Massena East, Massena West and Warrick

Job Grade	Current	Proposed Agreement				Increase Over Term
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	
1-2	\$14.307	\$14.665	\$14.958	\$15.058	\$15.158	\$0.851
3	14.485	14.847	15.144	15.264	15.384	0.899
4	14.663	15.030	15.330	15.470	15.610	0.947
5	14.841	15.212	15.516	15.676	15.836	0.995
6	15.019	15.394	15.702	15.882	16.062	1.043
7	15.198	15.578	15.890	16.090	16.290	1.092
8	15.376	15.760	16.076	16.296	16.516	1.140
9	15.554	15.943	16.262	16.502	16.742	1.188
10	15.733	16.126	16.449	16.709	16.969	1.236
11	15.911	16.309	16.635	16.915	17.195	1.284
12	16.089	16.491	16.821	17.121	17.421	1.332
13	16.267	16.674	17.007	17.327	17.647	1.380
14	16.445	16.856	17.193	17.533	17.873	1.428
15	16.623	17.039	17.379	17.739	18.099	1.476
16	16.802	17.222	17.566	17.946	18.326	1.524
17	16.980	17.405	17.753	18.153	18.553	1.573
18	17.159	17.588	17.940	18.360	18.780	1.621
19	17.337	17.770	18.126	18.566	19.006	1.669
20	17.515	17.953	18.312	18.772	19.232	1.717
21	17.694	18.136	18.499	18.979	19.459	1.765
22	17.871	18.318	18.684	19.184	19.684	1.813
23	18.049	18.500	18.870	19.390	19.910	1.861
24	18.228	18.684	19.057	19.597	20.137	1.909
25	18.406	18.866	19.243	19.803	20.363	1.957
26	18.584	19.049	19.430	20.010	20.590	2.006
27	18.763	19.232	19.617	20.217	20.817	2.054
28	18.941	19.415	19.803	20.423	21.043	2.102
29	19.119	19.597	19.989	20.629	21.269	2.150
30	19.298	19.780	20.176	20.836	21.496	2.198
31	19.475	19.962	20.361	21.041	21.721	2.246
32	19.653	20.144	20.547	21.247	21.947	2.294
33	\$19.832	\$20.328	\$20.734	\$21.454	\$22.174	\$2.342

Davenport and Wenatchee

Job Grade	Current	Proposed Agreement				Increase Over Term
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	
1-2	\$14.351	\$14.710	\$15.004	\$15.104	\$15.204	\$0.853
3	14.528	14.891	15.189	15.309	15.429	0.901
4	14.707	15.075	15.376	15.516	15.656	0.949
5	14.885	15.257	15.562	15.722	15.882	0.997
6	15.063	15.440	15.748	15.928	16.108	1.045
7	15.242	15.623	15.936	16.136	16.336	1.094
8	15.420	15.806	16.122	16.342	16.562	1.142
9	15.598	15.988	16.308	16.548	16.788	1.190
10	15.777	16.171	16.495	16.755	17.015	1.238
11	15.955	16.354	16.681	16.961	17.241	1.286
12	16.132	16.535	16.866	17.166	17.466	1.334
13	16.311	16.719	17.053	17.373	17.693	1.382
14	16.489	16.901	17.239	17.579	17.919	1.430
15	16.668	17.085	17.426	17.786	18.146	1.478
16	16.846	17.267	17.612	17.992	18.372	1.526
17	17.024	17.450	17.799	18.199	18.599	1.575
18	17.203	17.633	17.986	18.406	18.826	1.623
19	17.381	17.816	18.172	18.612	19.052	1.671
20	17.559	17.998	18.358	18.818	19.278	1.719
21	17.737	18.180	18.544	19.024	19.504	1.767
22	17.915	18.363	18.730	19.230	19.730	1.815
23	18.093	18.545	18.916	19.436	19.956	1.863
24	18.272	18.729	19.103	19.643	20.183	1.911
25	18.450	18.911	19.289	19.849	20.409	1.959
26	18.628	19.094	19.476	20.056	20.636	2.008
27	18.807	19.277	19.663	20.263	20.863	2.056
28	18.985	19.460	19.849	20.469	21.089	2.104
29	19.162	19.641	20.034	20.674	21.314	2.152
30	19.341	19.825	20.221	20.881	21.541	2.200
31	19.519	20.007	20.407	21.087	21.767	2.248
32	19.697	20.189	20.593	21.293	21.993	2.296
33	\$19.876	\$20.373	\$20.780	\$21.500	\$22.220	\$2.344

Louisville # 1

Job Grade	Current	Proposed Agreement				
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	Increase Over Term
1-2	\$14.117	\$14.470	\$14.759	\$14.859	\$14.959	\$0.842
3	14.359	14.718	15.012	15.132	15.252	0.893
4	14.569	14.933	15.232	15.372	15.512	0.943
5	14.781	15.151	15.454	15.614	15.774	0.993
6	15.022	15.398	15.706	15.886	16.066	1.044
7	15.201	15.581	15.893	16.093	16.293	1.092
8	15.411	15.796	16.112	16.332	16.552	1.141
9	15.601	15.991	16.311	16.551	16.791	1.190
10	16.000	16.400	16.728	16.988	17.248	1.248
11	16.179	16.583	16.915	17.195	17.475	1.296
12	16.357	16.766	17.101	17.401	17.701	1.344
13	16.535	16.948	17.287	17.607	17.927	1.392
14	16.714	17.132	17.474	17.814	18.154	1.440
15	16.892	17.314	17.661	18.021	18.381	1.489
16	17.069	17.496	17.846	18.226	18.606	1.537
17	17.248	17.679	18.033	18.433	18.833	1.585
18	17.426	17.862	18.219	18.639	19.059	1.633
19	17.604	18.044	18.405	18.845	19.285	1.681
20	17.783	18.228	18.592	19.052	19.512	1.729
21	17.961	18.410	18.778	19.258	19.738	1.777
22	18.139	18.592	18.964	19.464	19.964	1.825
23	18.318	18.776	19.151	19.671	20.191	1.873
24	18.496	18.958	19.338	19.878	20.418	1.922
25	18.674	19.141	19.524	20.084	20.644	1.970
26	18.854	19.325	19.712	20.292	20.872	2.018
27	19.032	19.508	19.898	\$20.498	\$21.098	\$2.066

Louisville # 15

Job Grade	Current	Proposed Agreement				Increase Over Term
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	
1-2	\$13.392	\$13.727	\$14.001	\$14.101	\$14.201	\$0.809
3	13.548	13.887	14.164	14.284	14.404	0.856
4	13.705	14.048	14.329	14.469	14.609	0.904
5	13.862	14.209	14.493	14.653	14.813	0.951
6	14.019	14.369	14.657	14.837	15.017	0.998
7	14.176	14.530	14.821	15.021	15.221	1.045
8	14.333	14.691	14.985	15.205	15.425	1.092
9	14.489	14.851	15.148	15.388	15.628	1.139
10	14.646	15.012	15.312	15.572	15.832	1.186
11	14.803	15.173	15.477	15.757	16.037	1.234
12	14.960	15.334	15.641	15.941	16.241	1.281
13	15.117	15.495	15.805	16.125	16.445	1.328
14	15.274	15.656	15.969	16.309	16.649	1.375
15	15.430	15.816	16.132	16.492	16.852	1.422
16	15.586	15.976	16.295	16.675	17.055	1.469
17	15.743	16.137	16.459	16.859	17.259	1.516
18	15.900	16.298	16.623	17.043	17.463	1.563
19	16.057	16.458	16.788	17.228	17.668	1.611
20	16.350	16.759	17.094	17.554	18.014	1.664
21	16.382	16.792	17.127	\$17.607	\$18.087	\$1.705

Richmond

Job Grade	Current	Proposed Agreement				
		June 5, 2006	June 4, 2007	June 2, 2008	June 1, 2009	Increase Over Term
1-2	\$13.849	\$14.195	\$14.479	\$14.579	\$14.679	\$0.830
3	14.091	14.443	14.732	14.852	14.972	0.881
4	14.302	14.660	14.953	15.093	15.233	0.931
5	14.512	14.875	15.172	15.332	15.492	0.980
6	14.755	15.124	15.426	15.606	15.786	1.031
7	14.933	15.306	15.612	15.812	16.012	1.079
8	15.144	15.523	15.833	16.053	16.273	1.129
9	15.332	15.715	16.030	16.270	16.510	1.178
10	15.732	16.125	16.448	16.708	16.968	1.236
11	15.911	16.309	16.635	16.915	17.195	1.284
12	16.089	16.491	16.821	17.121	17.421	1.332
13	16.267	16.674	17.007	17.327	17.647	1.380
14	16.445	16.856	17.193	17.533	17.873	1.428
15	16.624	17.040	17.380	17.740	18.100	1.476
16	16.802	17.222	17.566	17.946	18.326	1.524
17	16.980	17.405	17.753	18.153	18.553	1.573
18	17.159	17.588	17.940	18.360	18.780	1.621
19	17.336	17.769	18.125	18.565	19.005	1.669
20	17.515	17.953	18.312	18.772	19.232	1.717
21	17.694	18.136	18.499	18.979	19.459	1.765
22	17.872	18.319	18.685	19.185	19.685	1.813
23	18.050	18.501	18.871	19.391	19.911	1.861
24	18.229	18.685	19.058	19.598	20.138	1.909
25	18.408	18.868	19.246	19.806	20.366	1.958
26	18.586	19.051	19.432	20.012	20.592	2.006
27	18.765	19.234	19.619	20.219	20.819	2.054
28	18.923	19.396	19.784	20.404	21.024	2.101
29	19.091	19.568	19.960	\$20.600	\$21.240	\$2.149



**UNITED STEELWORKERS
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