

USW Local 2-209

Ratification Packet

Tuesday, September 7, 2010

ARTICLE 1 – PURPOSE AND INTENT

It is the intent and purpose of the parties to assure a continuous, safe, harmonious, efficient, economical and profitable operation of the plant, a fair day's work for a fair day's pay, and a prompt disposition of grievances, and to set forth their agreement on rates of pay, hours of work and other conditions of employment to prevent strikes, lockouts and other disturbances which interfere with production in order to provide and promote orderly and peaceful relations with the employees covered by this Agreement.

Should any term or terms of this Agreement be or become wholly or partially in conflict with the laws existing during the term of this Agreement, the validity of the balance of this Agreement shall in no way be affected and this Agreement shall be deemed modified to conform to the provisions of said existing laws.

ARTICLE 2 – AGREEMENT

This Agreement, entered into this <insert date>, by and between Harley-Davidson Motor Company, its successors or assigns, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union (USW) AFL-CIO, CLC on behalf of its Local 2-209 (hereinafter jointly referred to as the Union) for and with reference to all employees employed by it in any sites operated by it in Milwaukee County or counties bordering Milwaukee County and acting as the exclusive bargaining agent for all employees as defined in Article 6 of this Agreement.

ARTICLE 3 - MANAGEMENT RIGHTS & RESPONSIBILITIES

Except as specifically and expressly limited by a written provision of this Agreement, the Company's management responsibilities include, but are not limited to, the right to manage the plant, decide the products to be manufactured, the methods, schedules and locations of production, the means and processes of manufacturing, direct, train and test the work force, sub-contract/outsource Bargaining Unit work, transfer Bargaining Unit work to other Company facilities, hire, promote, demote, discipline and discharge for just cause, establish reasonable rules and policies, relieve employees from duty because of lack of work and for other legitimate reasons, introduce new and improved production methods or facilities, have suppliers on-site to provide services and/or products to the Company, improve quality, reduce costs and establish and attain work and production standards.

ARTICLE 4 – RECOGNITION

Section 1

The Company recognizes the Union as the sole and exclusive bargaining representative for the purpose of bargaining in respect to rates of pay, wages, hours and other terms and conditions of employment for all employees defined in Article 6 below at the Company facilities as specified in Article 2 of this Agreement.

Section 2

Officers, Union Stewards and members of the Union agree to refrain from soliciting members, collecting dues or indulging in any Union activities except those expressly provided for in this Agreement and rights granted under the National Labor Relations Act (NLRA) upon the Company's premises during working hours.

Section 3

All present employees in the Bargaining Unit, who are members of the Union shall remain members of the Union as a condition of employment and all new employees in the Bargaining Unit shall become members no later than the thirty-first (31st) day following the date that they start work as an employee and shall remain members of the Union during the term of this Agreement or any extension or renewal thereof as a condition of employment. Union membership shall have no effect upon the sixty (60) day probationary period provided in Article 7, nor shall it have any effect on attaining regular employment status as required for fringe benefit eligibility throughout this Agreement.

ARTICLE 5 - CHECK OFF AND UNION DUES

Section 1

New check-off authorization cards will be submitted to the Company by the Union at intervals no more frequent than once a month and prior to the last Friday of each month, together with a summary list of such cards.

Section 2

Upon receipt of a proper written authorization from an employee, the Company will deduct from such employee's earnings the initiation fee and/or dues payable by him/her to the Union. The Company will make such deductions from the earnings of the employee from the first four (4) pay periods of the month following receipt of the authorization and thereafter and shall transmit to the Financial Secretary of the Local Union, each month, the aggregate sum collected together with a list which will include the employee's name, employee number, employment status and amount of the deduction for the month. Should any member have no earnings due him/her, the deduction will be made from the next succeeding pay day that earnings are due.

This authorization and assignment shall be valid for a period of one (1) year from date thereof or the expiration date of the Agreement, whichever comes first, and shall be automatically renewed for similar periods thereafter, unless at least thirty (30) days but no more than forty-five (45) days written notice is given by the employee to the Company and the Union for its revocation.

The Company will provide for a weekly payroll deduction for Political Education Program (PEP) Check Off.

Section 3

In the event an employee becomes delinquent in payment of his/her Union dues and fails to correct the delinquency, the Union shall give a written notice to both the Company and the employee. The Company will, five (5) days after receipt of the written notice from the Union, discharge any employee who is not in good standing as required above.

Section 4

Deductions are made for the convenience of the Union and the Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this Article, or in reliance on any list, notice, assignment or authorization furnished under any of such provisions.

Section 5

The parties agree that check-off authorization cards shall be furnished by the Union.

ARTICLE 6 - BARGAINING UNIT

Section 1

This Agreement is limited to and applies only to hourly paid plant Production and Skilled Trades employees of the Company's facilities as specified in Article 2 of the Agreement.

Section 2

A. Bargaining Unit production work is limited to aluminum machining, steel machining, heat treating, powder coating, engine and transmission assembly, inspection, and movement of material within the facilities as defined in Article 2 as assigned by management. Bargaining Unit production work is generally within the jurisdiction of USW Local 2-209.

B. Bargaining Unit production maintenance work is limited to preventative maintenance and repairs of electrical production/lab equipment that is directly involved in the manufacture and development of product as assigned by management. The parties also recognize that many tasks are properly performed within the scope of two or more Skilled Trades and the Company reserves the right to assign the work at its discretion based on business needs. Bargaining Unit Maintenance Electrical work is generally within the jurisdiction of USW Local 2-209.

C. Bargaining Unit development and service work performed at the Product Development Center and at Juneau Avenue is limited to assembly and disassembly of test articles (vehicle, systems and components), build and fabricate prototype parts, inspection, assembly and disassembly of prototype vehicles to design specifications required for testing, validation and integration of components and vehicle systems in support of the specific labs within the PDC and Juneau Avenue, the service of developmental vehicles systems and components not yet introduced into commerce (e.g., prototypes, photo bikes and fitments), service build work and refits. Such work is generally within the jurisdiction of USW Local 2-209.

D. Bargaining Unit employees at the Harley-Davidson Museum will be considered Non-Traditional employees and will perform general utility functions as described in the Non-Traditional Assignment Outline. These utility functions will not be within the jurisdiction of any particular classification at other locations. This assignment, if posted, will be within the jurisdiction of USW Local 2-209.

E. Other work may be assigned to employees by management based on the needs of the business and that can be performed safely.

Section 3

A. All Bargaining Unit employees will be expected to perform other work as assigned; for example: TPM, 5S, work rebalance, lean CI, housekeeping, non - production painting, storage unit set-up, maintenance work as assigned/trained and other tasks as assigned by supervision that can be performed safely.

B. The following are examples of jobs and work that will not normally be assigned to the Bargaining Unit: millwright work(see exhibit 3), janitorial services, grass/lawn care and

1 maintenance, motorized sweeper operator, carpentry, painting (except for tasks that are a part of
2 the employee's normal job as outlined in Section 3A above), pipe fitter work, waste and
3 hazardous waste services, truck drivers, paint shop cleaning, tool crib attendant and related
4 activities, HVAC, machine, equipment and component rebuild, building repair or construction,
5 standards analyst, maintenance helper, maintenance laborer, snow removal, equipment moves,
6 workplace configuration, IS infrastructure and equipment installation, road maintenance and
7 repair, programming, lighting and electrical infrastructure both internal and external (e.g.
8 substation and power distribution), material movement performed by a supplier related to
9 rework, direct delivery to the line and related activities and other work that is not directly
10 involved in the manufacture of product as assigned by management.

11
12 In addition, the following are examples of jobs and work that will not normally be assigned to
13 the Bargaining Unit at the PDC or Juneau Avenue development and service areas: supplier
14 component and vehicle development, integration and testing, process development, data
15 collection and analysis, test observation/test execution, styling model development, gauge and
16 equipment calibration, development of physical part geometry including early part mock up and
17 representative articles, investigation of technology including materials and assembly techniques
18 used throughout industry, material handling, racing mechanic, delivery and setup of vehicles for
19 local events, vehicle service support for consumer events, vehicle maintenance of demos, fleet
20 service, motorcycle delivery, material handling, warranty return support, and inspection.

21
22 In addition, the following are examples of jobs and work that will not normally be assigned to the
23 Bargaining Unit at Juneau Avenue: all facility and building maintenance including Electrician
24 and Millwright work.

25 26 27 **Section 4**

- 28 A. In determining what work the Bargaining Unit employees will perform and/or whether to
29 continue to perform work in-house, the Company will evaluate the work on factors such as fully
30 burdened cost, capacity, space, capability, equipment and long-term benefit to the Company.
31
32 B. Under normal operating conditions, the Company will provide ten (10) working days notice to
33 the Union of its business reasons and decision to outsource or insource work. In other situations
34 (e.g. emergencies), the Company will give as much notice as feasible.

35 36 **Section 5**

- 37 A. Salaried employees will not normally perform work on site that is customarily performed by
38 Bargaining Unit employees covered by this Agreement, except for purposes of instruction or
39 training, testing products, equipment experimentation, programming, troubleshooting, inspecting,
40 product and process development and service work at the Product Development Center and
41 Juneau Avenue or in emergency situations. An emergency situation is defined as an unforeseen
42 sudden occurrence that is not routine. Should salaried employees act inconsistently with this
43 paragraph, the Union President and General Manager will review the specifics of the case.
44
45 B. Despite the foregoing, salaried employees (as well as other employees) may perform work related
46 to process development, new model year and new product builds at the Company facilities
47 outlined in Article 2.
48
49

Section 6

This Agreement does not apply to any salaried employees, including but not limited to: executive employees, supervisory employees, guards, watchmen, timekeepers, quality control employees, Engineering Department employees, clerical employees, Industrial Engineering employees, Human Resources employees, and all outside workmen hired by the Company.

Section 7

Nothing in this Agreement is intended to expand work historically performed by the Bargaining Unit nor shall it be construed as an acknowledgment by the Company that any work is or may become the exclusive right of any employee or classification of employees represented by the Union.

ARTICLE 7 -- BARGAINING UNIT SENIORITY

Section 1

- A. Seniority is a right defined as the employee's length of service as a regular employee and is determined by the date assigned as the employee's last hiring date as a regular employee. In the event of a tie in seniority, the employee with the lowest employee number will be considered having the higher seniority.
- B. The Committee and Union Stewards shall, for the exclusive purpose of indefinite layoff, be considered as having top seniority in their respective job classification. Their employment shall be continued so long as they meet the eligibility requirement of the available work that remains. Thereafter they shall have the right to exercise their seniority in accordance with this Article. The Committee and Unions Stewards shall resume their actual seniority standing within the Bargaining Unit upon their expiration of term of office.
- C. Production classifications are considered as a single seniority group within the Bargaining Unit.
- D. Skilled Trade classifications (as categorized in Article 9) are considered as separate seniority groups by classification within the Bargaining Unit. Employees in a Skilled Trade classification (as categorized in Article 9) will not be considered for layoff during a production reduction in force, due to their skills. If it becomes necessary to reduce these classifications, layoffs will be conducted in seniority order by classification. In such a layoff, Skilled Trade classifications will be allowed to move into production classifications (as categorized in Article 9), seniority and eligibility requirements permitting. Production employees (as categorized in Article 9) cannot move into a Skilled Trade classification unless they have the seniority, appropriate certifications, skills and meet the eligibility requirements to immediately hold the position.
- E. The Company agrees to furnish to the Union an up to date seniority list(s), including name, employee number, birth date, department, Bargaining Unit seniority date and Company Service date of each employee in the Bargaining Unit every three (3) months and to advise the Union each week of any additions or deletions to the seniority list(s). The Union will advise the Company of any errors in the seniority list(s) within five (5) days after receipt thereof.

Section 2

All new regular employees and rehired employees shall be regarded as probationary for the first sixty (60) calendar days of employment. (Time spent on leave of absence shall not be counted in computing the sixty (60) calendar days of employment.) All such employees may be terminated with

or without cause and without recourse to the grievance procedure during their probationary periods. Such employees, if continued in the employ of the Company after the expiration of the probationary period, shall have their seniority computed from the date of their last hiring.

Section 3

An employee shall lose his/her seniority for the following reasons:

- A. Retirement.
- B. Resignation.
- C. Discharge for just cause.
- D. Indefinite Layoffs in excess of a period of time equal to one-half (1/2) the employee's seniority or six (6) months, whichever is greater. Any employees rehired within twelve (12) months, after the loss of seniority as indicated in this Section, will be credited with all past service.
- E. Failure to report to work after a layoff within five (5) work days after being notified by certified mail to report to work. Such notification of recall will be sent to the employee's last known address that is on file with the Company. Each employee is responsible for notifying the Company of any change of address and telephone number. If, due to circumstances beyond the employee's control, he/she does not receive notification or cannot return to work in a timely fashion, an extension of time may be granted beyond the five (5) days.
- F. Employees transferred out of the Bargaining Unit shall lose all Bargaining Unit seniority.
- G. Engaging in gainful employment during a leave of absence except protected Military Service or as authorized by the Company in writing by the General Manager and Human Resources Director/Manager.
- H. Failure to return to work the second day after expiration of a leave of absence. In the event of circumstances beyond the control of the employee, the Company may give consideration to an additional extension of leave.

ARTICLE 8 -- TEMPORARY SHUTDOWNS, TEMPORARY AND INDEFINITE LAYOFFS AND LEAVES OF ABSENCE

Section 1 -- Temporary Layoff

Temporary layoff shall be defined as a period of layoff for a defined duration. Temporary layoffs may be conducted out of line of seniority or by seniority.

- A. The Company may conduct temporary layoff out of line seniority -- such out of seniority layoffs will not exceed 200 hours per employee in a calendar year (e.g. six employees in the department were sent home out of line of seniority for two hours, this will count as 2 hours from the 200 hours for each employee, so that the balance of available temporary layoff hours for each employee placed on temporary layoff is 198 hours.) Such out of seniority based layoffs will be conducted by selecting employees in the rotation group or department to perform the work required.

1 B. In the event of temporary layoffs out of line of seniority, probationary and casual employees in
2 the affected Process Area will not be allowed to work unless the number of regular employees
3 in the affected Process Area on the same shift is insufficient to perform the work needed.
4

5 C. The Company may also conduct temporary layoffs by seniority – such seniority based layoffs are
6 unlimited so long as they are conducted by retaining the most senior employees qualified to
7 perform all of the work required during the period of layoff. The Company may re-assign
8 impacted employees to other work if available; if the employee is reassigned, the hours will not
9 count against the employee's 200 hour annual maximum as outlined above even if out of line of
10 seniority.
11

12 D. The Company will provide a minimum of one (1 week) notice for any temporary layoff, except in
13 the case of an emergency (e.g. parts shortages, equipment failures, power failures, weather, etc.),
14 the Company will provide notice as soon as practical to the Union and affected employees
15

16 E. When the temporary layoff ends, affected employees will return to their regular assigned shift
17 and rotation group.
18

19 F. Employees with unused (remaining) vacation time may exercise their right to use such remaining
20 time in one day or partial day increments consistent with Article 16 for that time.
21

22 G. The Company may offer employees the opportunity to volunteer for a temporary layoff out of
23 line of seniority in a rotation group, department or process area; in the event an employee
24 volunteers such hours will not count against the employee's 200 hour annual maximum as
25 outlined above even if out of line of seniority (Opt Out).
26

27 **Section 2 – Temporary Shutdown**

28 Temporary Shutdowns shall be defined as a period of time (either a reduction in the scheduled hours
29 in a given work week (short work week) or a reduction in the number of scheduled work week(s)) in
30 which all or substantially all of the operations of the plant shall cease. (Some operations, such as
31 Skilled Trades, Materials and select production operations may continue during a shutdown.)
32

33 A. The Company reserves the right to reduce the scheduled hours or week(s) of work for some or all
34 of the plant if business conditions warrant such change. The Company will provide a minimum
35 of two (2) weeks notice for any shutdown, except in the case of an emergency (e.g. parts
36 shortages, equipment failures, weather, power failures, etc.), to the Union and employees of such
37 changes. Prior to the actual shutdown, the return date will be communicated to all affected
38 employees. Any changes to the announced shutdown will be communicated to the Union and
39 employees as soon as possible.
40

41 B. Prior to the shutdown, the Company will also discuss with the Union as to what departments and
42 jobs if any are expected to continue to operate in full or in part during the shutdown. The most
43 senior employees qualified to perform the work required will be scheduled on a voluntary basis.
44 If there are not enough volunteers, employees qualified to perform the work required will be
45 scheduled by inverse seniority. If a shutdown will be conducted out of line of seniority, it is
46 considered a temporary layoff subject to the hour limits set forth in Section 1 above.
47

48 C. When the shutdown ends, affected employees will return to their regular assigned shift and
49 rotation group.

D. This Section will follow seniority (either Skilled Trades or Production) within the seniority group as defined in Article 7 and use senior qualified volunteers; as such there is no limit on the number of hours or days for this Section.

E. Employees with unused (remaining) vacation time may exercise their right to use such remaining time in one day or partial day increments consistent with Article 16 for that time.

Section 3 – Indefinite Layoff

Indefinite layoff shall be defined as a layoff for an undetermined period of time. When there is an indefinite layoff, the following procedure will be used:

A. Employees who are to be laid off will be given advance notice by the Company five (5) work days immediately preceding the date the layoff becomes effective. The Union will be notified at least one (1) work day prior to notification to the employee.

B. Probationary employees within an affected classification will be terminated.

C. Layoffs will be conducted within seniority groups as defined in Article 7.

D. Within the remaining workforce, the Company will displace low senior employees within the affected classification, process area and department and/or rotation group to ensure the needs of the business are met. As part of this adjustment, displaced employees will be assigned to open work assignments within the classification; seniority and eligibility requirements permitting. After this process is completed, if there are no available positions for which the employee meets the eligibility requirements, that employee will be laid off.

E. Because of special training or skill, it may be necessary to retain some employees regardless of seniority for up to twenty-six (26) weeks to train senior employees or to perform special work. After completion of training, the least senior employee will be displaced according to this Article.

F. Employees will be recalled from indefinite layoff by seniority, eligibility requirements permitting, based on the needs of the business.

G. Recalled employees will return to their home rotation group. If a position within the rotation group is unavailable, the employee will select an opening in another rotation group for which he/she meets the eligibility requirements within his/her classification in order of seniority.

Section 4 - Indefinite Medical Layoff

A. If an employee has been off work (through approved leaves) due to an employee's own serious sickness or injury for a period of six (6) consecutive months, and remains unable to return to work at the end of such six (6) month period due to those medical reasons, the Company may place the employee on indefinite medical layoff out of line of seniority. The employee will be required to provide medical documentation acceptable to the Company or submit to a medical examination to determine if indefinite medical layoff is appropriate. The layoff benefit of continuing six (6) months of medical benefits will start at the time the employee is placed on layoff.

1 B. Employees who are placed on indefinite medical layoff after expiration of medical leave will be
2 given advance notice by the Company five (5) work days immediately proceeding the date the
3 layoff becomes effective. The Union will be notified at least one (1) work day prior to
4 notification to the employee.

5 C. If prior to loss of seniority under Article 7, the employee is released by his/her physician to return
6 to work without restriction or with permanent restrictions, the employee may attempt to return to
7 work pursuant to the process outlined in Article 13. The employee may be subject to a Company
8 fitness for duty examination or return to work evaluation at the Company's discretion before
9 being allowed to return to work.

10 D. If after review of the results of a fitness for duty examination or return to work evaluation by the
11 company physician it is determined that he/she disagrees with the employees treating physician,
12 the two will discuss their difference of opinion. If they do not come to a common decision, the
13 two physicians will then jointly select an independent physician to make the final and binding
14 decision.

15 E. All other provisions and rules related to Indefinite Layoff as outlined in this Agreement will
16 apply.

17 **Section 5 - Union Leave**

18 A. Employees (no more than eight (8) at any one time) who are required to attend a Union
19 convention or other official Union function on behalf of the Local Union, necessitating absence
20 from the facility shall, upon providing notification to the Human Resources department as soon
21 as practicable, but in no event less than ten (10) days prior to the event, be granted time off
22 without pay by the Company for a period of time not to exceed two (2) weeks. During an
23 absence under this Section, the employee shall accrue all benefits.

24
25 B. Employees accepting a full-time position as an International Union representative (no more than
26 one (1) at any one time) shall be granted a leave of absence without pay for the term of their
27 office, or any renewal thereof. Such employees shall have the right of returning to their former
28 classification, seniority and eligibility requirements permitting. He/she shall receive all
29 previously accrued seniority. Such individuals shall not be considered employees of the
30 Company.

31 **Section 6 - Personal Leave**

32 A Personal Leave of Absence without pay up to thirty (30) days for personal reasons may be granted
33 by the Company at its discretion for legitimate reasons. In assessing the request, the Company will
34 consider the needs of the business, the employee's personal work record and the nature of the
35 circumstances related to the request. All such requests for a Personal Leave must be requested in
36 writing and must be approved in writing by both the HR Director/Manager and General Manager.

37 **Section 7 - Military Service Leave**

38
39 Any employee, who has been in the employ of the Company and is drafted into or voluntarily enters
40 the Armed Forces of the Government, shall be granted a leave of absence with full retention of
41 seniority rights during such absence. The Company agrees that such an employee shall be offered re-
42 employment in his/her previous position or an equivalent position, if work is available and his/her
43 physical condition permits him/her to perform the work, at the current rate of pay for such work,
44 providing he/she shall return to work within ninety (90) days after honorable discharge from the
45

Armed Forces. The Selective Service Law in effect at the time an employee applies for reinstatement with the Company shall determine an employee's seniority and other rights.

Section 8 - Family Medical Leave

The Company shall comply with the provisions of the Family and Medical Leave Act (FMLA). The Company reserves the right to substitute fifty percent (50%) of an employee's available vacation for otherwise unpaid FMLA and/or Sickness and Accident leave.

Section 9 - Sickness and Accident Leave

A. The Company may grant an Sickness and Accident (S&A) leave to an employee for up to a total of twenty-six (26) weeks in a rolling twelve (12) month period for an employee's qualifying personal medical reason that exceeds the number of work days equivalent to the employee's full work week block based on the employee's current work schedule.

B. S&A leave should be requested in advance but no later than on the 5th day of absence, unless medically unable.

C. Receiving S&A insurance benefits, however, does not automatically guarantee that an employee will be granted an approved S&A leave from the Company. The Company may require an employee to submit to a medical examination or provide medical documentation separate from and/or in addition to the employee's application for S&A insurance benefits (even if such insurance benefits have already been approved and/or paid) to determine if the Company should grant the employee an S&A leave and/or if the employee truly needs to remain on S&A leave. If the Company S&A leave is approved, it will normally run concurrently with FMLA for an employee's personal serious medical condition and S&A insurance benefits.

D. Prior to an employee returning to work following an S&A leave, the Company may require the employee to provide written certification of the ability to return to work from a treating physician; such certification should note any limitations. The Company may also require that an employee pass a return to work evaluation by a physician of the Company's choosing before the employee is allowed to return to work.

E. If after review of the results of a fitness for duty examination or return to work evaluation by the company physician it is determined that he/she disagrees with the employees treating physician, the two will discuss their difference of opinion. If they do not come to a common decision, the two physicians will then jointly select an independent physician to make the final and binding decision.

Section 10 - Leave of Absence Compliance

A. An employee on an approved leave of absence shall not be considered on the active payroll and may be responsible for paying his/her portion of any insurance premiums to continue coverage under the Company's health benefit plans.

B. Failure to comply with all of the terms of an approved leave of absence including failure to return to work upon expiration of a leave of absence may lead to discipline up to and including termination.

C. If the Company learns that an employee has provided false information relating to a leave of absence, it may lead to discipline up to and including termination, even if the Company does not discover the falsification until after the employee returns to work.

ARTICLE 9 – JOB CLASSIFICATIONS, ROTATION GROUPS, TEAM LEADERS AND CASUAL/TEMPORARY WORKFORCE

Section 1

The parties recognize the importance of flexibility, skills enhancement and efficiency in the current and future manufacturing/business environment.

A. The Company reserves the right to review and adjust rotation groups, departments and classifications.

B. The Company also reserves the right to define and assign work within and between rotation groups and classifications.

C. There shall be no jurisdictional boundaries of jobs or tasks within and between classifications that exist within a Bargaining Unit. Employees are expected to be flexible to meet the needs of the business.

D. The Company will determine the number of positions and employees within any classification including but not limited to the number of Production Technician 2 positions that are required to run the business. Departments will be structured with Production Technician 1's and Production Technician 2's to ensure orderly operation of equipment, processes, etc., to meet production and business requirements.

E. All Production Technician 2 positions are required to perform Production Technician 1 work in addition to Production Technician 2 work as needed. In addition, all higher classifications are required to perform the work of lower classifications as needed.

F. Movement within a classification is expected to ensure orderly execution of operations.

Section 2

There will be a total of seven (7) classifications which are:

Production

- 1) Production Technician 1 (PT1)
- 2) Production Technician 2 (PT2)

Skilled Trades - Maintenance

- 1.) Maintenance Electrical
- 2.) Production Technician 2 Millwright (see Exhibit 3)

Skilled Trades - Product Development and Juneau Avenue Service

- 1) Mechanic 1
- 2) Mechanic 2
- 3) Machinist Fabricator

Section 3

A. The Company will determine initial rotation groups and employee assignments. The Company will give the Union an opportunity to provide input before it makes a decision.

Thereafter as new rotation groups are established (following the initial transition to rotation groups); employees meeting the eligibility requirements will be solicited in the classification within departments by seniority for rotation group assignments. Employees are expected to learn jobs within their rotation group. If not enough employees meeting the eligibility requirements agree to join a rotation group, the Company will assign employees to rotation groups in reverse order of their seniority, eligibility requirements permitting. The solicitations and corresponding movements within the rotation groups will not count as a bid as defined in Article 13.

B. The Company may require job rotation within a rotation group as it deems necessary. Where job rotation is required, the Company will determine the rotation schedule and frequency.

Section 4

The concept of a non-supervisory "Team Leader" may be introduced with the number, duties and responsibilities of the Team Leader defined by the Company. The Team Leader would serve as the leader for their respective Bargaining Unit employees in the assigned work or rotation group(s) and will report to the salaried Supervisor who is responsible to supervise and direct the workforce.

A. The Team Leader assignment shall not be considered the establishment of a new job and/or classification.

B. Employees interested in this role and who meet the eligibility requirements as set by the Company will be jointly interviewed for open Team Leader assignments. The Company will base its selection on several elements with seniority as the tie breaker when all other elements are equal. The Company will give the Union an opportunity to provide input before it makes a decision.

C. Periodic reviews with the Area Manager (Process Leader) or designee along with a member of Union leadership will be held to review the effectiveness of the Team Leader. Acceptable performance will be required to continue functioning as a Team Leader. If performance does not meet the criteria set forth by the Company or if an individual chooses to voluntarily resign from the Team Leader assignment, the individual will be removed from the Team Leader assignment and will return to an open position within their rotation group, department and process area.

D. The Company will consult with the Union President on the Team Leader selection process and training. The Company retains the right to select and/or remove Team Leaders.

E. Nothing in this section will alter or impact the Company's right to select and assign work to Bargaining Unit employees.

ARTICLE 10 – SKILLED TRADE APPRENTICESHIPS & FORMAL TRAINING PROGRAMS

Formal Training and Apprenticeship Programs may be revised, designed and managed by the Company and are subject to modification and discontinuance by the Company. The Company will give the Union an opportunity to provide input.

ARTICLE 11 – NON - TRADITIONAL ASSIGNMENTS

A. The Company may establish assignments that contain responsibilities not normally associated with Bargaining Unit production and maintenance work. If the need for a Non-Traditional assignment is determined, the Company will post the assignment. The posting will include the job description, along with required qualifications.

B. The posting will be filled according to the following:

1) Human Resources will review applications from those applying for the assignment to determine which employees most closely match the assignment qualifications and will proceed to the next step. If it is determined that no candidates successfully meet the qualifications, the issue will be referred to plant leadership.

2) Candidates will be jointly screened, tested and assessed against criteria and tools established by the Company.

3) Once the screening and/or testing has been completed, the Company and the Union will meet to select the most qualified candidate(s). If there are two (2) employees who have equal qualifications, the senior employee will be awarded the role.

A. The employee will report to the appropriate salaried Manager and the Company reserves the right to remove an employee from the Non-Traditional assignment for lack of performance or effectiveness in the role, elimination of the assignment or if the employee elects to leave the role. If so, the employee will be placed in an open position within his/her classification and original process area or if no such opening exists, may displace the least senior employee in the classification, seniority and eligibility requirements permitting.

B. By establishing such role(s), it shall in no way be construed that the Non-Traditional work being performed is within the jurisdiction of the Bargaining Unit. Such work may also be performed by salaried employees.

C. The assignment(s) created by this provision may be terminated by either party with sixty (60) days written notification to the other party.

ARTICLE 12 – SHIFTS AND HOURS OF WORK

Section 1

- A. Shifts and shift starting times, breaks and lunch periods, work schedules and work weeks shall be determined by the Company and may be changed due to the needs of the business. (Overtime at the beginning or end of the shift is not a shift, shift starting time or work schedule change.)
- B. The Company may determine the need for multiple shift starting times or to change the start times of any shift. Such deviation will not exceed a one (1) hour (+ or -) deviation of the current start time. Notification of shift and shift start times changes will be given to employees as soon as practical, but not less than one (1) week. Changes in shift assignment will normally be made on the first day of the new work week. (This provision does not apply to overtime as an extension of the shift.)
- C. The Company may, with a minimum of two (2) weeks notice, transition employees between work schedules. Prior to notifying the workforce of a transition between work schedules, the Company will notify the Union. Prior to implementing new work schedule(s), the Company will review such things as vacation, holidays, etc. to ensure that they do not conflict with other provisions of this Agreement; any conflicts will be reviewed with the Union prior to implementation and amended accordingly. It is further understood that any such amendments shall not adversely impact or exceed the intent of the existing provision(s), nor unduly benefit or hurt either the Company or the employees.

Section 2

The schedules below are examples of the work schedules (5/8's, 4/10's, 3/12's, etc.) shifts (1st, 2nd, 3rd, 2nd B, etc.) and shift starting times (7:00 am, 3:00 pm, and 11:00 pm, etc.) that may be developed by the Company.

8 Hour Two Shift Work Schedule

1 st Shift	7:00 am – 3:30 pm (Monday – Friday)
2 nd Shift	3:30 pm – 12:00 am (Monday – Friday)

8 Hour Three Shift Work Schedule

1 st Shift	7:00 am – 3:30 pm (Monday – Friday)
2 nd Shift	3:00 pm – 11:30 pm (Monday – Friday)
3 rd Shift	11:00 pm – 7:30 am (Sunday – Thursday)

10 Hour Two Shift Work Schedule

1 st Shift	6:30 am – 5:00 pm (Monday – Thursday)
2 nd Shift	7:00 pm – 5:30 am (Monday – Thursday)

10 Hour Two Shift Work Schedule

1 st Shift	6:30 am – 5:00 pm (Monday – Thursday)
2 nd Shift (A Crew)	7:00 pm – 5:30 am (Monday – Thursday)
2 nd Shift (B Crew)	7:00 pm – 5:30 am (Wednesday - Saturday)

10 Hour Two Shift Work Schedule

1 st Shift (A Crew)	6:30 am – 5:00 pm (Monday – Thursday)
1 st Shift (B Crew)	6:30 am – 5:00 pm (Wednesday – Saturday)

2nd Shift (A Crew) 7:00 pm – 5:30 am (Monday - Thursday)
2nd Shift (B Crew) 7:00 pm – 5:30 am (Wednesday - Saturday)

12 Hour Two Shift Continuous Operations Work Schedule

1st Shift 6:30 am – 6:30 pm (Friday- Sunday)
2nd Shift 6:30 pm – 6:30 am (Friday- Sunday)

8 Hour Three Shift Continuous Operations Work Schedule

1st shift 7:00 am – 3:00 pm (Monday – Friday)
2nd shift 3:00 pm – 11:00 pm (Monday – Friday)
3rd shift 11:00 pm – 7:00 am (Monday – Friday)

Section 3

- A. There will be a thirty (30) minute non-paid lunch period for employees assigned to non-continuous operations work schedules.
- B. There will be a twenty (20) minute paid lunch period for employees assigned to continuous operations work schedules.
- C. There will be two (2) ten (10) minute break periods to be taken at reasonable times throughout the shift as designated by the Company. There will be an additional ten (10) minute break period for each continuous two (2) additional hours worked over ten (10) hours.
- D. In the event of a change to regular break and/or lunch periods, the Company will notify the Union Steward and the affected employees of the change as soon as reasonably possible.

Section 4

When the Company changes between different work schedules or adds a shift, qualified volunteers in an affected department will be solicited first and, if not enough qualified employees' volunteer, then qualified low senior employees in the department will be moved to fill the number of positions as determined by the Company.

Section 5

This Article in no way limits the Company's rights to determine the size of workforce on each shift, the number of shifts worked per day, or the number of shifts worked per week. This Article does not constitute a guarantee of minimum or maximum of hours of work per day, or days per week.

ARTICLE 13 - BIDDING AND ASSIGNMENTS

Section 1

- A. When the Company determines that an opening exists, it will post such openings jurisdiction wide. The Company will decide the eligibility requirements of the position, testing and assessments for all positions.
- B. The posting notice shall contain the eligibility requirements, department, classification, rotation group, qualifications, pay rate, specification, shift and any required testing or assessments as determined by the Company.

C. For PT1 openings, there will be one posting associated with the original opening and the opening will be awarded by seniority. The Company will then determine how to fill the subsequent opening by rebalancing the workforce, which may be done by placement of an available employee or new hire. The Company shall not hire a new employee to fill a subsequent opening on 1st shift until after the Company first solicits employees in the same process area on 2nd and 3rd shift by seniority to fill the 1st shift opening and the new hire will fill the position vacated by that subsequent move (only one shift move will be permitted in this process).

D. For PT2 openings, the Company will post until there are no bidders that meet the eligibility requirements to fill the open positions. If there are no bidders that meet the eligibility requirements, the Company will select a new hire to fill the open position or decide to post a Formal Training Program opportunity for that position based on the needs of the business.

E. For Skilled Trades openings, the Company will post until there are no bidders that meet the eligibility requirements to fill the open positions. If there are no bidders that meet the eligibility requirements, the Company will select a new hire to fill the open position.

Section 2

A. Active employees with less than a Step Two (written) level discipline will be eligible for a maximum of one (1) successful bid per rolling twelve (12) month period for PT1 positions, and a maximum of one (1) successful bid per rolling eighteen (18) months period for PT2 or Skilled Trade positions. This time requirement will be met so long as the employee's bid rights renew and/or discipline rolls off during the posting period for the job for which the employee is bidding.

B. The bidding process will be as follows:

1) Openings will be posted on bulletin boards for five (5) calendar days - normally Thursday through Monday.

2) Employees are responsible for submitting their bids to Human Resources and must be immediately physically able and available to accept and perform the work if so selected. Once an employee submits a bid, the employee cannot refuse the position if selected. If an employee is not awarded the position they will not be charged with a bid.

3) For Production Technician 1 positions, the Company will select the senior employee.

4) For Production Technician 2 and Skilled Trade positions, the Company will select the senior employee meeting the eligibility requirements of the position.

5) Once the employee is selected, a bid will be charged to that employee.

6) If an employee successfully bids to a higher classification, the employees will be paid the applicable wage rate of the higher classification on the effective date of the award. If an employee successfully bids to a lower classification, the employee will be paid the applicable wage rate of the position on the date the employee moves to the position.

Section 3

A. Employees will be given a maximum of twenty (20) worked (actual days worked in the new position) days to demonstrate that he/she is capable of satisfactorily performing the work of the rotation group, unless in an approved Formal Training Program. Successful completion of all of the requirements of the Evaluation Period (e.g. safety, quality and productivity) must be approved by the supervisor.

B. If an employee is not able to perform the work satisfactorily within the Evaluation Period, he/she will be subject to disqualification and will be moved to an open position in his/her previous classification and department. Proceeding down the posting, the next senior eligible employee will be awarded the posting. A bidder will be deemed no longer eligible if they have otherwise accepted another position.

Section 4

A. The Company may transfer employees **within** a classification at its discretion and such moves will not be considered a temporary transfer.

B. The Company may make temporary transfers between classifications by seniority at its discretion not to exceed twenty-six (26) weeks (actually worked) per employee in a rolling year. The Company will first ask qualified senior employees on a voluntary basis. If there are no volunteers, the Company will transfer the low senior qualified employee. If there are insufficient qualified employees to fill the need, the Company will consider employees that meet the eligibility requirements by seniority. The employee who is transferred will suffer no reduction in wage rate.

C. Employees in higher classifications will be expected to do work in lower classifications within their process area and such work will not be considered a temporary transfer.

Section 5

A. The Company reserves the right to determine work requirements and the required number of employees. When the Company determines that there is an excess or shortage of employees within a rotation group, department or classification, the Company reserves the right to move employees accordingly.

B. Displaced employees will be given the opportunity to fill openings within their classification by senior volunteer eligibility requirements permitting and will not be charged a bid. If not enough employees volunteer, then low senior employees meeting the eligibility requirements will be moved to fill the number of positions as determined by the Company.

C. Displaced employees will retain recall rights to their most recent classification for a period of up to twenty-four (24) months. Displaced employees meeting the eligibility requirements are eligible for recall to open positions within their most recent classification in order of plant seniority during the twenty-four (24) month period. After twenty-four (24) months, the posting procedure in Article 13 will apply. If an employee successfully bids to another classification during this twenty-four (24) month period, all recall rights to the previous classification shall be forfeited by the employee.

Section 6

Employees who become permanently partially incapacitated and who present acceptable medical proof of such incapacity from a licensed physician shall be placed in open jobs they are able to perform and in line with their seniority as follows:

- 1) The Company will place the employee in his/her previous classification, department and rotation group, if still available, if they are able to perform the work within their permanent restrictions, seniority and eligibility requirements permitting.
- 2) If the employee's previous rotation group is not still available, the Company will place the employee in an unfilled open position in their classification that they are able to perform within their permanent restrictions, seniority and eligibility requirements permitting.
- 3) If there are no unfilled open positions in the classification, the employee will exercise his/her seniority to displace the least senior employee in their classification that he/she is able to perform within his/her permanent restrictions, seniority and eligibility requirements permitting.
- 4) If the employee is not placed as outlined above, he/she will be placed on indefinite layoff status as defined in Article 8, Section 4. The employee may be recalled and/or return to work based on their seniority, eligibility requirements and ability to perform the requirements of an open position within their previous classification.

ARTICLE 14 – OVERTIME

Section 1 – General

- A. The Company shall have the right to plan, authorize and schedule overtime (OT) as needed. An employee shall receive time and one-half (1 1/2) his/her regular straight time hourly rate of pay for all work performed in excess of forty (40) straight-time hours in the employee's work week.
- B. No overtime shall be scheduled or solicited without prior approval from the Company.
- C. Employees must be present on their last scheduled straight-time day or have an approved excused reason for being absent to be eligible for voluntary overtime.
- D. If an employee has an unexcused absence on the last straight-time scheduled day preceding mandatory overtime, the employee will be expected to work the mandatory overtime unless he/she is otherwise excused.
- E. For purposes of this Article, "qualified" shall mean an employee who has successfully completed the Technical Training Checklist Process for the designated work assignments within a rotation group and can satisfactorily perform the designated work assignments without assistance.
- F. Overtime records of employees will be maintained according to a uniform system in all departments.
- G. When an employee is transferred into a different rotation group, the employee will be placed in the OT rotation in line of their seniority within that rotation group.

H. When the entire rotation group is being solicited for voluntary or being mandated to work OT, an employee in that rotation group with verified temporary or permanent medical restrictions will be eligible for OT. If the OT being solicited or mandated falls outside of the employee's restrictions, the employee will not be offered or mandated to work OT.

I. Generally, the Company will not allow an employee to work in excess of twelve (12) consecutive hours except, (1) shift continuation or Skilled Trades work continuity (2) an emergency situation (an unforeseen sudden occurrence that is not routine) or (3) special permission as granted by the Area Manager.

Section 2 – Continuation of Shift

For assembly line(s) and departments that directly support assembly to attain production schedules, the Company may require employees to complete work assignments prior to being released from work beyond the employee's regular work schedule each production shift by providing advance notice no later than the end of the employee's regularly scheduled shift on the day before the OT will be required. This continuation of work will normally be performed by the employees doing the job throughout the day – the Company is not required to canvass or solicit other employees to complete this work.

A. Employees assigned to an eight (8) hour shift may be required to remain up to one (1) additional hour for shift continuation.

B. Employees assigned to a ten (10) hour shift may be required to remain up to an additional thirty (30) minutes for shift continuation.

C. This Section will not apply to employees assigned to twelve (12) hour shifts.

D. Notice of continuation of the shift will be communicated by the Supervisor or by an announcement on the electronic communications board.

Section 3 – Skilled Trades Work Continuity

For Skilled Trades, the Company reserves the right to first ask the Skilled Trade employee performing a critical work assignment to complete or transition the work assignment beyond the employee's shift prior to offering voluntary overtime as outlined in Section 4.

Section 4 - Voluntary OT

A. Voluntary overtime will be posted in the rotation group. Eligible employees who wish to volunteer for the overtime opportunity shall sign the posting to confirm their interest in the overtime opportunity. Volunteers will be selected in order of the OT rotation list beginning with the next eligible employee in the rotation group.

B. If there are insufficient volunteers in the rotation group and the Company is able to provide advance notice of the needed overtime to the Union, the Company will generally allow the Union to solicit voluntary OT for the time and number of persons needed for the OT prior to the Company mandating OT.

C. The Union shall then be responsible for soliciting qualified employees. The Union will solicit overtime for the rotation group in order of the OT rotation list amongst eligible employees within the Process Area as outlined below:

Step 1: Qualified in the rotation group on the shift.

Step 2: Qualified on the shift in the department

Step 3: Qualified on the shift in the Process Area (e.g. Machining, Assembly, Paint, Maintenance, Materials, etc.)

Step 4: The Union will supply the supervisor with a list of employees who will work the overtime at least (4) four hours prior to the shift on which the hours will be worked. The Union will also supply the supervisor with an updated OT eligibility list.

- D. The employees who volunteer or who were solicited by the Union are required to work the overtime hours.
- E. Voluntary weekend work will not be counted as a mandatory weekend for an employee under Section 4.
- F. Volunteers will be assigned to work as determined by the Company. Employees will usually be required to work available overtime within their normal rotation group, prior to working outside their rotation group.

Section 5 - Mandatory OT

- A. If there are insufficient volunteers under Section 3 (e.g., because there were insufficient volunteers, or the Union was not able to identify sufficient volunteers, or the Company was not able to provide adequate notice to the Union of the need for volunteers, or as otherwise required), the Company may mandate overtime (daily or weekend).
- B. Excluding the continuation of shift provision outlined in Section 2, the Company will notify employees of mandatory overtime at least two (2) hours prior to the end of their shift for overtime that extends their current shift or overtime that precedes their next regularly scheduled shift.
- C. Notification of mandatory overtime for an additional work day within a work week will be given prior to the end of the shift on the 2nd day preceding the mandatory overtime.
- D. The Company will mandate overtime for the rotation group in order of the OT rotation list amongst employees within the process area beginning with the next eligible employee in the rotation group as outlined below:

Step 1: Qualified in the rotation group on the shift.

Step 2: Qualified on the shift in the department.

- E. The Company agrees not to schedule more than nineteen (19) consecutive work days for an employee.
- F. The Company will not mandate more than two (2) consecutive required weekends for overtime for an employee. (This does not apply to shift schedules that include weekend work.)

G. The Company will not mandate an individual employee to work additional hours in excess of twelve (12) consecutive hours of work in a given work day. This does not include hours for which the employee volunteers or time related to shift continuation or Skilled Trades work continuity.

Section 6

An employee who was improperly bypassed for an overtime assignment will be given first preference on the next appropriate overtime assignment. There shall be no pay for time not worked.

Section 7

In the event that overtime cancellation is necessary, the Company will advise the affected employee as early as practical and the reason why the overtime was cancelled.

ARTICLE 15 - HOLIDAYS

Section 1

A. For the purpose of qualifying for Holiday pay, the employee must:

- 1) Have at least thirty-one (31) days of Company Service prior to the holiday;
- 2) Be a regular, active employee (not on an approved Leave of Absence or layoff); and
- 3) Work and/or be paid for the site's scheduled work (full) day before and after the holiday regardless of the work week that the holiday falls within. For those placed on Temporary Layoff, the day before and/or after the holiday will be considered as having worked the site's scheduled work (full) day.
- 4) For those employees who are initially placed on Indefinite Layoff during the week of the holiday will receive pay for holidays occurring during that week.

B. Eligible employees will be paid at the applicable rate of pay for all hours that the employee would have been scheduled when the holiday falls on their normal work day and the employee has holiday hours available. If a holiday falls on a non-work day based on the employee's regular work week, the employee will not be paid for the day. Any unpaid holiday hours for which the employee was eligible will be paid out at the end of the calendar year.

C. Holiday pay shall not exceed a total of eighty (80) hours per calendar year. Pay as provided in Section 1 shall be considered as days or hours worked for the purpose of computing overtime pay.

Section 2

The following Holidays will be observed:

- 1) New Year's Day
- 2) Good Friday
- 3) Memorial Day
- 4) Independence Day (July 4th)
- 5) Labor Day
- 6) Thanksgiving Day
- 7) Friday Following Thanksgiving
- 8) Christmas Eve
- 9) Christmas Day
- 10) New Year's Eve

Section 3

Any employee who has agreed or is otherwise scheduled to work on any of the days named above must report to work or forfeit holiday pay.

Section 4

An eligible employee shall receive double (2X) his/her regular straight time hourly rate of pay for all hours worked after the employee starts his/her shift which begins on a holiday in addition to their regularly scheduled hours of pay at the employee's regular straight time hourly rate of pay, unless the employee's regular shift and shift starting time commences after 10:00 pm or thereafter on that day.

Section 5

The Company will give tentative notice of holiday work schedules by posting such schedules on site bulletin boards five (5) working days prior to the holiday listed above.

ARTICLE 16 – VACATION AND PERSONAL ALLOWANCE

Section 1

A. All employees with established Company Service as of January 1st, and who have worked during the preceding calendar year shall be eligible for and receive vacation as outlined in this Article. Employees who quit their jobs, or are discharged prior to January 1st of the calendar year are not entitled to any vacation or personal time for the calendar year.

B. Employees will receive vacation on January 1st based on their Company Service and the number of hours the employee worked in the previous calendar year in accordance with the following:

C. Employees may be eligible for up to:

Years of Company Service	Eligible Hours 29
Less than Two (2)	40 hours
Two (2) but less than seven (7)	80 hours
Seven (7) but less than twelve (12)	120 hours
Twelve (12) years and over	160 hours

D. Employees on the active payroll as of January 1, 2013 with twenty-one (21) or more years of Company Service will be capped at his/her current level of vacation not to exceed 200 hours until December 31, 2016. After that date, the employee will receive vacation per the schedule above and will only be entitled to a maximum of 160 hours.

E. Eligible employees will receive vacation based on straight –time hours worked in the previous calendar year in accordance with the schedule below.

Hours Worked	Eligibility Multiplier
0 - 520	0
521 – 1040	.50
1041 – 1560	.75
1561 and over	1.00

For example: An employee with eight (8) years of Company Service is eligible for up to 120 hours per year, but the employee only worked 555 hours in the previous calendar year. Such an employee will receive sixty (60) hours of vacation on January 1st of the following year.

- F. For this provision only, periods of absence due to vacation, jury duty, bereavement, funeral, military training, workers compensation, union leave not to exceed (2) two weeks, holidays, personal allowance, temporary shutdowns, and temporary layoff (whether in or out of line of seniority) will be counted as straight time hours worked for the purpose of computing vacation time.

Section 2 - Vacation Scheduling Process

- A. Eligible employees may take up to forty hours of their vacation in half - day increments (4, 5 or 6 hours for an 8, 10 or 12 hour shift, respectively), and up to forty hours of their vacation in one - day increments. All other vacation must be taken in consecutive work days equivalent to the employee's full work week block based on the employee's current work schedule (e.g. for an employee assigned to a five (5) day work week, the employee must schedule vacation in five (5) consecutive work days such as Tuesday, Wednesday, Thursday, Friday and Monday). In the event an employee has less than a half day increment remaining, the time must be scheduled in one block of time.
- B. Supervision has the primary responsibility to schedule vacations, and will follow reasonable guidelines of approximately 10% by rotation group that will not adversely affect the efficient and productive operation of the business.
- C. Employees must submit their vacation requests no earlier than the first scheduled work day of January and no later than January 15th for vacation to be scheduled in the calendar year for seniority to rule. Approvals and denials will be communicated by the Company no later than January 31st. Other requests received after January 15th will be reviewed and granted on a "first-come/first-served" basis; however such request must be requested at least one business day in advance to be considered.
- D. The Company reserves the right to approve or deny vacation request based on business needs.

Section 3

All employees qualifying for vacation must take the vacation in the vacation year in which it was received. All unused vacation time will be forfeited and vacation pay automatically will be paid out at the end of the vacation year.

Section 4

Time spent on bereavement, funeral or jury duty during the time the employee is on vacation, will not be charged as vacation time.

Section 5

- A. Any employee with one (1) year or more of Company Service who is either laid off for lack of work, is inducted or enlists in the Military Service, who submits his/her resignation to the Company in writing at least two (2) weeks in advance, who is terminated with cause or who retires or dies during the year, shall receive all unused vacation earned on January 1st of the same calendar year.

B. An eligible employee who is on layoff on January 1st and does not receive a vacation allotment on January 1st, but returns to work during the calendar year will receive the appropriate vacation allotment as determined in Section 1.

C. Eligible employees who retire will receive pay for their vacation allotment from January 1st of that year until the retirement date, for their vacation allotment that they would have been eligible for on the following January 1st. Such payments will be made upon retirement and will be calculated in accordance with Section 1.

Section 6

If an employee as described in Section 5 is recalled from lay off or returns to work from Military Service during the same calendar year, he/she shall not be eligible for any vacation pay, but he/she may take unpaid days up to the number that were paid out earlier that same year. Such time must be scheduled and taken per the vacation scheduling process set forth above.

Section 7

The rate of vacation pay will be computed based upon the employee's current straight time hourly rate, including shift differential. Pay as provided in this Section shall be considered as days or hours worked for the purpose of computing overtime pay. Any unpaid hours for which the employee was eligible will be paid out at the end of the calendar year.

Section 8

Unused vacation days may be converted to pay in lieu of time-off by requesting such payment on a form provided by the Company. Such requests will be limited to two (2) in any vacation year. Minimum hours per request will be forty (40) hours or, if less than forty (40) hours remain, all remaining vacation must be requested at one time. Payment will be made within three (3) weeks of the request.

Section 9

The Company reserves the right to substitute fifty percent (50%) of an employee's available vacation for otherwise unpaid FMLA and/or Sickness and Accident leave.

Section 10 - Personal Allowance

A. All regular active employees with established Company Service as of January 1st and shall be allowed sixteen (16) hours of paid absence time for personal reasons. Such time will be granted on January 1st and must be scheduled in accordance with the vacation scheduling process outlined above. Such time may be taken as half day or full day increments based on the number of hours that the employee is normally scheduled to work. In the event an employee has less than a half day increment remaining, the time must be scheduled in one block of time.

B. The rate of pay will be computed based upon the employee's current straight time hourly rate, including shift differential. Pay as provided in this Section shall be considered as days or hours worked for the purpose of computing overtime pay.

C. All employees qualifying for personal allowance must take their time in the calendar year in which it was received. All unused personal allowance time will be forfeited and paid out at the end of the calendar year.

ARTICLE 17 – WAGES AND PAY

Section 1

There will be two (2) categories of employees, which are:

A. Regular Tier 1 employees

B. Regular Tier 2 employees (New, re-hired or recalled from Indefinite Layoff that extends longer than six (6) months)

Section 2

The wage rates listed below will be effective for the term of this Agreement and apply to all regular Bargaining Unit employees. An employee's regular rate of pay shall be defined as his/her straight time hourly rate.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Effective Date	<u>4/1/12</u>	<u>4/1/13</u>	<u>4/1/14</u>	<u>4/1/15</u>	<u>4/1/16</u>	<u>4/1/17</u>	<u>4/1/18</u>
TIER 1							
Production Technician 1	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50
Production Technician 2	\$32.23	\$32.23	\$32.23	\$32.23	\$32.23	\$32.23	\$32.23
Maintenance Electrical	\$36.14	\$36.14	\$36.14	\$36.14	\$36.14	\$36.14	\$36.14
Mechanic 1	\$33.19	\$33.19	\$33.19	\$33.19	\$33.19	\$33.19	\$33.19
Mechanic 2	\$33.49	\$33.49	\$33.49	\$33.49	\$33.49	\$33.49	\$33.49
Machinist Fabricator	\$34.38	\$34.38	\$34.38	\$34.38	\$34.38	\$34.38	\$34.38

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Effective Date	<u>4/1/12</u>	<u>4/1/13</u>	<u>4/1/14</u>	<u>4/1/15</u>	<u>4/1/16</u>	<u>4/1/17</u>	<u>4/1/18</u>
TIER 2							
Production Technician 1	\$21.96	\$22.40	\$22.85	\$23.30	\$23.77	\$24.25	\$24.73
Production Technician 2	\$27.75	\$28.31	\$28.87	\$29.45	\$30.04	\$30.64	\$31.25
Maintenance Electrical	\$30.36	\$30.97	\$31.59	\$32.22	\$32.86	\$33.52	\$34.19
Mechanic 1	\$25.37	\$25.88	\$26.39	\$26.92	\$27.46	\$28.01	\$28.57
Mechanic 2	\$29.08	\$29.66	\$30.25	\$30.86	\$31.48	\$32.11	\$32.75
Machinist Fabricator	\$29.87	\$30.47	\$31.08	\$31.70	\$32.33	\$32.98	\$33.64

Agreement Years 2 - 4

For Tier 1 regular employees, there will be no general wage increase in the Agreement years 2-4.

Agreement Year 5

For Tier 1 regular employees, there will be a \$1000 lump sum payable in the first pay period in April 2016 to all active employees who are active on the payroll as of April 1, 2016. This payment will be less applicable withholdings.

Agreement Years 6 & 7

In Agreement years 6 and 7 (2017 and 2018), the Tier 1 base wage rates may be increased subject to the market wage rate comparison formula set forth below. Data used to benchmark wages will be obtained from the United States Department of Labor Bureau of Labor Statistics. The Milwaukee-Waukesha-West Allis Metro market will be used for Milwaukee labor data. Each labor classification will be compared to a specific Standard Occupational Code (SOC) as follows:

Production Technician 1: 51-0000
Production Technician 2: 51-4041
Maintenance Electrical: 49-2094
Mechanic 1: 49-3023
Mechanic 2: 51-4041 + \$1.25
Machinist Fabricator: 51-4041 + \$2.00

The market benchmark data referenced above is normally published in the middle of the following year (*i.e.* 2012 data is generally published around June of 2013). The contractual rates in effect on April 1, 2016 and April 1, 2017, will be compared to the market wage rate by job classification when the market benchmark data becomes available. If, in the prior year, the 75th percentile market wage rate, plus 2%, is greater than the current wage rate, then the contractual base rate for that job classification will be increased by 2% on the next contract anniversary date (*i.e.* April 1). In the absence of another market wage rate increase, as set forth above, the new rate will remain in effect until the expiration of the Agreement.

The first potential adjustment would occur on April 1, 2017.

By way of example, in 2016 the wage rate for the Production Technician 1 position will be \$30.50. Assume that in June 2016, the 2015 market data shows the 75% market wage rate for the 51-0000 code is \$ 31.00. \$ 31.00 plus 2% is \$31.62. This amount is greater than \$ 30.50, and as a result, the wage rate for the Production Technician 1 position would be increased to \$31.11 (\$30.50 plus 2%) effective 4/1/2017.

Section 3 – 0-3% Wage Adder

- A. A 0-3% adder may be added to employees straight time base pay based on plant financial and non-financial performance. The intent of this adder is to motivate employees to improve plant performance, and to reward employees when such plant performance goals are met.
- B. In the fourth quarter of the prior year, the metrics and related payout percentages for the adder will be jointly determined by management and Union leadership. The Company reserves the right to make the final decision if the parties are unable to reach agreement.
- C. The targeted plant financial performance will be based on a planned improvement from the prior year. It will be measured on a cost per unit basis or similar metric. The adder percentage will be based on a sliding scale from 0-1.5%. The measure will be adjusted for product complexity and volume.

D. The targeted plant non-financial performance could include various plant metrics based on quality, housekeeping, new product launch, culture, etc. The adder percentage will be based on a sliding scale from 0-1.5%, but can not exceed the financial adder percentage.

E. If the plant financial performance target is met then the total adder percent will be the sum of both the financial and non-financial percentages.

F. Such adder will then be added to each employee's straight time base rate starting with the first payroll after April 1st of the following year.

G. At the end of each Agreement year as set forth in the paragraph above, the adder will go back to 0% and the employee's straight time wage rate will return to the contractual wage rate.

H. The metrics and payout percentages are subject to change year to year by management and Union leadership. The Company reserves the right to make the final decision if the parties are unable to reach agreement.

Section 4 – Team Leader Adder

The Team Leader assignment shall be paid a premium of \$1.00 an hour above his/her current base rate.

Section 5 – Shift Differential Pay

There will be no shift differential for normal shift start times between 5am to 8am. All start times outside of these hours will be paid \$.70/hour shift differential.

Section 6 - Temporary Transfer Pay

If an employee is temporarily transferred to a higher labor classification for more than one hour, then he/she will be paid the rate in the higher classification for the time worked in the higher classification. This higher rate of pay will be discontinued when the employee is returned to the classification he/she held prior to the temporary transfer.

Section 7 – Overtime Pay

An employee shall receive one and one-half times (1 1/2) his/her regular straight time hourly rate of pay for all work performed in excess of forty (40) straight-time hours paid in the employee's work week in accordance with Article 14. There will be no pyramiding of overtime. In addition, there will be no pay for time not worked.

Section 8 – Holiday Pay

Employees will be eligible for Holiday pay in accordance to Article 15 and such pay shall be considered as days or hours worked for the purpose of computing overtime pay.

Section 9 – Vacation Pay & Personal Allowance

Employees will be eligible for Vacation and Personal Allowance pay in accordance with Article 16 and such pay shall be considered as days or hours worked for the purpose of computing overtime pay.

Section 10 - First Day Lost Time Pay

An employee injured in the performance of his/her job and who is sent to a doctor or home by the Company shall receive for the day on which injury occurred the difference between his/her hourly

rate for the straight time hours worked and the straight time pay he/she would have received had the injury not occurred.

Section 11 -- Report --In Pay

A. If an employee reports for work as instructed, he/she will be offered a minimum of two (2) hours of work at the applicable rate of pay, including shift differential where applicable. Report - In Pay will not apply in case of emergency shutdowns arising out of any condition beyond the Company's control.

B. Prior to shift report time, the Company may make a public announcement via phone, radio or television notifying employees not to report for work. If it does so at least two (2) hours before the shift time, employees will not be eligible for Report --In Pay.

C. An employee who leaves work of his/her own volition, or because of incapacity (other than industrial injury or illness), or is discharged or suspended after beginning work, will be paid only for the number of hours actually worked during that day.

Section 12 -- Call-In Allowance

A. If a Company representative contacts an employee outside of their normal working hours by telephone or email to request assistance in resolving an immediate issue that jeopardizes production or presents an imminent safety concern that requires the employee's assistance and the employee provides the required assistance without physically returning to the site, such employee will be compensated for a minimum of thirty (30) minutes or the time actually worked, whichever is greater. The Company representative must document the length of time the employee worked on the appropriate payroll adjustment form. The Company will notify the Union Steward of any such calls. This documentation will be verified on a weekly basis by Human Resources/Payroll.

B. If a Company representative contacts an employee outside of their normal working hours to request that an employee report in to work to assist in resolving an immediate issue that jeopardizes production or presents an imminent safety concern, the employee will be compensated as follows:

1) Called in to work outside of his/her regular shift, the employee will be offered a minimum of four (4) hours of work or, if the employee chooses to leave, he/she will be paid for time worked.

2) Called in to work before his/her regular starting time, the employee will be expected and allowed to work out his /her regular shift.

Section 13 - Travel and Reimbursement Pay

Employees will be paid and reimbursed in accordance with Company policy.

Section 14 - Jury Duty Pay

A. Regular employee called for jury duty by the Courts during the employee's normal working hours (Monday through Friday) shall be paid (for the number of regularly scheduled hours for the employee's scheduled shift) up to twelve (12) hours at his/her regular straight time hourly rate including shift differential for each day served during the employee's normal work week, not to exceed five (5) days per week.

- 1
2 B. Such compensation shall be payable only if the employee notifies the Company of such jury duty
3 call in advance and appropriate documentation is provided to the Company supporting each day
4 of absence due to jury duty.
5
6 C. If jury duty is cancelled or if the employee is not scheduled to appear, the employee must report
7 to work as scheduled.
8
9 D. Upon receipt of acceptable documentation, third shift employees summoned to jury duty may be
10 temporarily assigned to first shift as deemed necessary during the time required to serve.
11
12 E. Pay as provided above shall be considered as a day or hours worked for the purposes of
13 computing overtime pay.
14
15

16 **Section 15 – Bereavement and Funeral Leave Pay**

- 17 A. With proper notice to the Company, an employee with seniority who must be absent from work
18 to attend a service when death occurs in his/her immediate family will be paid for time lost from
19 work on regularly scheduled work days, but in no event will it exceed three (3) days not to
20 exceed twenty-four (24) hours of pay at the applicable wage rate. Such time must be fully
21 utilized no later than the second day after the service. The immediate family is defined as
22 spouse, child or step-child, parent or step-parent, brother or sister, mother-in-law, father-in-law
23 of the employee, grandchild, grandparents, great-grandparents, son-in-law and daughter-in-law.
24
25 B. With proper notice to the Company, an employee will be paid eight (8) hours pay at his/her
26 regular straight time hourly rate as a result of attending the funeral on a scheduled work day of
27 the employee's: step-brother, step-sister, brother-in-law, and sister-in-law of the employee and
28 spouse, and grandparents of spouse.
29
30 C. The employee will be required to provide verifiable proof of the covered relative(s) death and/or
31 funeral attendance as applicable.
32
33 D. Pay as provided above shall be considered as a day or hours worked for the purposes of
34 computing overtime pay.
35

36 **Section 16 – Military Annual Duty Leave and Pay**

37 An employee ordered to participate in annual active duty training with the National Guard or
38 reserves, and who loses time from work as a result, shall be paid the difference between the
39 employee's regular straight time hourly rate of pay plus shift differential and the pay he/she received
40 while on military training up to a maximum of eighty (80) hours in any one calendar year. Pay as
41 provided above shall be considered as a day or hours worked for the purposes of computing overtime
42 pay.
43

44 **Section 17 - STIP**

45 For the duration of the Agreement, STIP for Wisconsin hourly employees is suspended.
46 However, if STIP for the U.S. salaried, full-time workforce pays out over 100% for a particular
47 STIP year, each Wisconsin hourly employee who is actively employed on December 31st of that
48 same STIP year will be paid an amount equal to 3% of his/her STIP eligible earnings for that
49 STIP year multiplied by the percentage over 100% for the salaried STIP pay out, less applicable

taxes and withholdings. For example, if the salaried STIP pays out at 150%, each Wisconsin hourly employee will receive a one-time STIP pay out equal to 3% of his/her STIP eligible earnings for the eligible STIP year X 50%, or 1.5% of his/her STIP eligible earnings for the eligible STIP year, less applicable taxes and withholdings. STIP payouts, if any, will normally occur in the February timeframe during year after the eligible STIP year. If STIP for U.S. salaried employees is eliminated, the Wisconsin hourly employees will not be eligible for any STIP payout. Additionally, if the STIP program for U.S. salaried employees is divided into smaller STIP plans, the Company reserves the right to determine which salaried STIP plan will be tied to the hourly STIP pay out set forth in this action.

Section 18 – Other Awards and Recognition

Nothing in this Agreement shall prevent the Company in its sole discretion from granting awards or providing recognition for ideas, suggestions, and employee involvement and for participating in Company sponsored activities and events.

Section 19 – Pay and Pay Day

The Company will pay all employees who are eligible to receive payment (such as wages, reimbursement and other payments) electronically on a weekly basis on Fridays.

Section 20 – Paycheck Errors

Where the Company, due to a Company or employee error, has overpaid the employee the Company has the right to recoup such overpayments in accordance with its standard practices. Where the Company, due to a Company or employee error, has underpaid the employee the Company will make up such underpayment in the next payroll cycle after the Company learns of and verifies such error in accordance with its standard practices.

SCHEDULE FOR DEDUCTING OVERPAYMENTS TO EMPLOYEES

OVERPAYMENT AMOUNT	WEEKLY REPAYMENT SCHEDULE
When a mistake is made in a single paycheck and is caught within the next pay cycle.	The employee will pay back the full amount prior to the next scheduled pay period. If the employee doesn't repay it, the Company will take the entire amount owed from the next pay check(s).
\$0 TO \$99	Take entire amount from next paycheck.
\$100 to \$400	Take \$100 per paycheck until entire amount has been repaid.
\$401 to \$800	Take \$150 per paycheck until entire amount has been repaid.
\$801 or more	Take a minimum of \$200 per paycheck until the entire amount has been repaid. If amount owed exceeds \$800, the employee must come up with a solution that will work for both the Company and the Employee. However, the repayment of entire amount cannot go beyond 6 months.

Exceptions	An Employee may have more deducted than plan schedule or pay entire amount on his/her next check, if desired.
Separation of Employment/Indefinite Layoff	Upon discharge, indefinite layoff or other forms of separations, the remaining balance will be deducted from final pay. If unable to collect remaining balance from final paycheck, the Company reserves the right to pursue repayment through any means available.

ARTICLE 18 - SEVERANCE PAY

A. In the event of a site closing, discontinuances of any existing facility or permanent transfer of a substantial portion of the activities to another location not covered by the Bargaining Unit as defined, each full-time employee, who is permanently terminated after expiration of his/her recall rights provided under Article 7 of this Agreement as a result of such transfer, will receive severance pay allowance in accordance with the following schedule:

Less than three (3) years of Company Service	One (1) week of pay per year of Company Service
Three (3) years and over of Company Service	Two (2) weeks of pay per year of Company Service but not more than twenty-six (26) weeks total.

B. Severance pay shall be calculated using the employee's current rate of pay at forty (40) hours per week.

C. Severance allowance will be paid when the recall period outlined in Article 7 expires. Such severance allowance is regarded as a vested benefit in case of the employee's death prior to the expiration of said period.

D. In no event will an employee be eligible for severance pay allowance if he/she quits, is discharged for cause, is laid-off for lack of work, fires, bombing, etc., or conditions over which the Company has no control, or if the employee has been offered any work by the Company during the period of layoff or at the time of layoff. If an employee who has been permanently terminated and who has received severance pay allowance under the provisions of this Article is reemployed by the Company, their qualification for eligibility of the benefits of this Article will begin anew on the date of reemployment and not the date of original employment providing they complete their probationary period.

E. Acceptance of payment under this Article shall not affect any other rights an employee may have under this Agreement or Federal and State law.

F. An employee who may be eligible for severance pay allowance under this Article may elect to receive his/her severance pay allowance by agreeing to permanent termination. This option may be elected after at least six (6) months on layoff because of the permanent transfer of work as provided in this Article. If the employee elects permanent termination, the employee will lose all of their Bargaining Unit seniority and will be considered to have quit as of the date of the election of the option.

ARTICLE 19 – HEALTHCARE, RETIREMENT AND OTHER BENEFITS

Section 1 - Summary Plan Descriptions

The parties agree that the details of the medical, dental, vision, flexible spending account and Health Reimbursement Arrangement (HRA) plan benefit provisions negotiated between the parties are contained within the Summary Plan Descriptions (SPD) provided to the Union on July 29, 2010, (excluding the HRA SPD which was provided on a different date) for the following benefits:

- Medical, including Prescription Drug and Mental Health/Substance Abuse dated January 1, 2010
- Dental and Vision dated January 1, 2010
- Flexible Spending Accounts dated January 1, 2010
 - Medical FSA
 - Dependent Care FSA

As the benefits described in the SPD(s) provided during negotiations would not become effective for eligible individuals and dependents until April 1, 2012, the applicable SPD(s) may need to be modified to cover new and already enacted regulations. The parties agree that amended SPD(s) will be made available to the Union and eligible employees no later than April 1, 2012.

To the extent there are any discrepancies between the benefits described in the SPD's and the official plan documents, the official plan documents shall govern. Claims for benefits must be brought under the claim procedures set forth in the SPD(s)' claims' procedures and external review as may be required under recently enacted health care reform legislation, not the grievance process outlined in this Agreement. The SPD(s) and Plan Documents are not incorporated into this Agreement and the Company may change them from time to time to be consistent with any changes the Company may choose to make or be required to make during the term of the Agreement. It is the Company's intent to provide medical benefits for the duration of this Agreement that at a minimum satisfy the requirements for coverage and affordability as may be required under the Patient Protection and Affordability Act passed into law in March 2010.

Section 2- Active Medical and Prescription Drug Overview – full details contained in the SPD.

The parties agree that the medical (including health, mental health/substance abuse, and prescription drug), dental and vision benefits, the Health Reimbursement Arrangement (HRA) based upon completion of the required Healthy Behavior Rewards – linked to the Performance and the Classic Plans, and Flexible Spending Accounts (FSAs) provided to eligible employees covered by this Agreement will be the same as those in effect for the Company's salaried U.S. full-time workforce for the duration of this Agreement except that the salaried employees utilize an HSA under the Performance Plan. As these benefits may be modified from time to time for U.S. full-time salaried employees, the same modifications will be made to plans available to eligible employees covered under this Agreement (including individuals who retire or become disabled and are eligible for disability retirement during the term of this Agreement), without any requirement for bargaining between the parties. The types of changes that may be made include (but are not limited to) changes to: administrators, method and timing of enrollment activities, covered services, deductibles, required participant contributions, co-insurance percentages, annual out-of-pocket maximums, eligibility criteria, and other changes which the Company believes are necessary. Such changes shall only be effective January 1 of each year of the Agreement unless agreement is reached with the

Union to allow the change at another time or as required under law. The Company will provide notice to the Unions and covered participants of pending changes at least 30 days prior to the date changes becoming effective.

Furthermore, the parties agree that Healthy Behavior Rewards credits, first available to Wisconsin hourly employees in 2012 for 2011 activities, and the criteria for obtaining those wellness credits, will be of the same amount, structure and substance as those to be provided to the Company's U.S. full-time salaried employees, with the exception of the 2011 criteria which will require biometric screening and completion of a Personal Health Assessment for those Wisconsin hourly employees interested in obtaining Healthy Behavior Rewards in 2012. The Company will discuss and solicit input from the Unions via the Joint Health Care Committee regarding the structure of all annual Healthy Behavior Rewards activities which will be required to earn HRA Company provided contributions; however, the Company will have final decision making authority as to the criteria for and structure of Healthy Behavior Rewards.

The Company will set the required employee monthly contribution structure at the same level that is set for its U.S. full-time salaried employees in the \$50,000 through \$79,999 annual base pay bracket (for each applicable level of enrollment based upon number of dependants covered, e.g., Employee Only, Employee and Spouse, Employee and (#) of Children; Family with (#) of Children, etc.). These required contributions will be adjusted annually and are subsidized rates that include the Plan experience of all Harley-Davidson U.S. salaried and hourly employees covered by these medical plans using the rate setting/budgeting process that the Company has historically used to develop these projected rates.

An early estimate of the required non-tobacco user monthly contributions for the Classic Plan beginning April 1, 2012 are:

Employee only	\$20
Employee and Spouse	\$50
Employee and Children (1 – 2 children)	\$48
Family (1 – 2 children)	\$85

Note: These are estimates only, and will likely change prior to 2012. Plus, there will be additional enrollment tiers to cover additional children (i.e. 3 to 4 children and 5 or more children)

Effective April 1, 2012, there will be separate premium structures for non-tobacco product users and employees who are tobacco product users and/or have dependents who are tobacco product users. The differential in premium (contribution) rates is an additional \$50 per covered individual who uses tobacco products per month.

The required contributions will be finalized in late 2011 and be made available to the Unions and participants by January 1, 2012 .

In 2012, there will not be required contributions for the Performance Plan for non-tobacco users. Tobacco users who enroll in the Performance Plan will be required to pay tobacco user contributions of \$50 per month per tobacco user.

At the present time, it is the Company's intention to eliminate the Classic Plan effective December 31, 2013.

Transition to the Benefit Programs

During the 4th quarter of 2011, an enrollment period will be held for annual medical plan enrollment for coverage effective January 1 through March 31, 2012.

Additionally, during the first quarter of 2012, the following activities will occur:

- The contribution levels to be effective April 1, 2012 will be communicated to covered employees and the Unions.
- The Company will facilitate benefit information meetings for employees and their spouses. (The information meetings will be held at an off site location and will be on the employee's own time.)
- The enrollment period for coverage effective from April 1, 2012 through December 31, 2012 will be held.

On April 1, 2012, the benefit programs negotiated as a part of this Agreement and the required contributions for participation in the Classic Plan and the \$50 per tobacco user contributions for the Performance Plan will take effect. Thereafter, contributions will be adjusted annually on each January 1. During each subsequent year, the Company will hold an enrollment period, typically during the 4th quarter.

Contributions for the Benefit Plans

Employee monthly contributions will be deducted from an employee's 1st four paychecks per month for weekly paid employees on a pre-tax basis as currently allowed under Section 125 of the Internal Revenue Code. For periods when the employee does not receive a weekly paycheck, the employee will be billed for his/her required employee contributions by WageWorks, the Benefits Administrator for the Harley-Davidson health and welfare plans or any successor administrator. When billed in this fashion, the contributions are paid by the participant on an after tax basis. (Coverage may be terminated for failure to pay monthly contributions in a timely manner.)

2012 Deductibles and Out of Pocket Limits

Deductible and co-insurance payments that were incurred under the "old" plan (which will be in effect for the period January 1, 2012 through March 31, 2012) will be applied to the annual deductibles and out-of-pocket limits for the Performance and Classic Plans (effective April 1, 2012) for 2012.

Flexible Spending Accounts

The Company shall make available the following voluntary Flexible Spending Accounts:

- Health Care FSA
- Dependent Care FSA

Health Reimbursement Arrangement

Effective April 1, 2012, the Company will make available a Health Reimbursement Arrangement (HRA) to employees who choose to participate in the Performance or the Classic Plan and who, during 2011, satisfy specific Healthy Behavior Rewards requirements. The annual credit to the HRA account will be \$1000 individual/\$2000 family for those participating in the Classic Plan and \$1250 individual /\$2500 family in the Performance Plan provided that participants meet the criteria for such credit by satisfying the Health Behavior Rewards. Any Company accrual to this HRA will be

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1 conditioned upon satisfying the Healthy Behavior Rewards and in the same amount as that offered to
2 similarly situated U.S. full-time salaried employees, except salaried participants in the Performance
3 Plan will have an HSA, not an HRA. The Company will provide the Unions and participants the
4 SPD for the HRA prior to April 1, 2012. As set forth above, it is the Company's intention to
5 eliminate the Classic Plan effective December 31, 2013.

6
7 The HRA shall be used health care expenses (for employee, spouse and dependents as defined in the
8 Medical Plan SPD) as set forth in the Internal Revenue Code Section 213(d) and amounts paid for
9 health care plan premiums. Employees hired during the year will receive a pro rata credit provided
10 they perform their baseline biometric and health risk assessment.

11
12 No credits will be made to an employee after such employee has terminated from employment
13 for any reason, including retirement. However such terminated or retired employee may use
14 remaining credits in their HRA in accordance with the administrative rules of this Plan.

15
16 HRA account balances will not be credited with interest.

17
18 The HRA shall vest immediately upon the initial contribution.

19
20 Any unused credit in the HRA shall be rolled over from year-to-year. There shall be no cap on
21 the amount of roll over from year-to-year or the account balance that may accrue in the HRA.

22
23 The HRA will be used in conjunction with a Flexible Spending Account (FSA) as follows:

- 24
25 • The Company shall retain a vendor that will administer both accounts on one debit card;
26
27 • When the employee chooses to access the accounts, the FSA amounts shall be used first,
28 and the HRA account shall be accessed only after the FSA amounts are exhausted, except
29 in the cases of the following HRA-allowed health plan premiums:
30 ○ Employer-sponsored retiree health care coverage
31 ○ Medicare premiums
32 ○ COBRA
33 ○ Long term care insurance premiums

34 In such cases, the HRA account shall be the only payable account.

- 35
36 • The vendor shall issue statements (at least quarterly) to the participant and provide notice
37 in the statement when the FSA is exhausted and when the HRA is exhausted.

38
39 Unless required by a change in law, the terms of the HRA shall not be terminated or changed
40 during the life of this agreement despite any reservation of right to terminate in any SPD or Plan
41 Document.

42
43 If an employee separates from the Company prior to retirement, the HRA shall be available to
44 maintain coverage through COBRA and/or to purchase alternative coverage, pay any other
45 allowable expense under IRS Section 213(d) and/or health care premiums.

46
47 Should an employee/retiree die, the HRA shall be available to the deceased's spouse and
48 dependents to use for health care costs as set forth above.

The Company shall be under no obligation to fund an HRA.

Spousal/Dependent Coverage and Spousal Premium Reimbursement

An employee's spouse who is employed 32 or more hours per week must elect to participate in any individual group medical insurance coverage offered by his/her employer (regardless of cost).

Effective with the date of this Agreement, the Company will no longer reimburse an employee for any contributions the spouse pays to be enrolled in his/her employer's plan or through insurance obtained through another source, including insurance exchanges. Spouses who have other coverage may be enrolled as a dependent under the Company plan for secondary coverage provided that the employee pays the additional required contribution (if any) for enrollment of spouses. Spouses who do not have other medical coverage available to them may be enrolled as a dependent under the Company's plan provided that the employee pays the additional required contribution (if any) for enrollment of spouses. Note that the spouse may *not* be covered as a dependent under the Harley-Davidson Performance Plan unless the spouse's employer plan is also an IRS qualified high deductible health plan.

Non-spouse dependents may be covered under the Company medical plans provided they meet the dependent eligibility criteria detailed in the SPD to participate.

The Company reserves the right to audit dependent eligibility, for example, to determine if alternate spousal coverage is available and take such actions as needed to ensure compliance with the requirement that working spouses with other coverage available to them be enrolled in their employer's medical benefit plans as primary coverage. A dependent audit could also, for example, include coverage for persons covered as dependent children under any of the plans, and may require the provision of birth certificates or other documents as substantiation.

Employees of the Company cannot be covered as a dependent of a spouse who also works for the Company. Each employee must have his/her own coverage. Dependents of employees (both of whom work for the Company) may be covered under either employee's plan, but not both.

National Healthcare Legislation

The Patient Protection Act (the "Act") which became law in March 2010 may impose increased costs, penalties, and/or taxes on the Company for providing health and welfare benefits to its' employees and may require the Company to cover additional mandated benefits under the plans. Therefore, if the Company incurs additional costs, penalties, or taxes as a result of the Act, it reserves the right to pass on those additional costs, penalties and/or taxes to the employees (and/or to exercise its right to reduce benefits in a corresponding amount to offset the additional costs, penalties, or taxes).

Dental and Vision Benefits

The benefit levels of these plans shall be the same as those provided to the U.S. full-time salaried employees of the Company. The details of these benefits are contained in the SPD which has been provided to the Unions. In the event that these benefits are changed for the Company's U.S. full-time salaried employees during the life of this Agreement any such changes will also be applicable for employees, retirees and their covered dependents covered by this Agreement. The new dental and vision benefit levels are effective April 1, 2012. Any benefits which are subject to annual limits and

are rendered during the period January 1, 2012 and March 31, 2012 will count towards the 2012 or lifetime limits in these benefit plans.

Benefit Plan Participant Advocacy

To the extent that the Company utilizes a benefit plan advocacy organization to assist participants in developing greater benefit plan consumer skills, quality and cost comparisons, provider search etc. (such as Patient Care), these services will also be made available to employees and dependents covered under this Agreement. Additionally the Company along with the JHCC will investigate utilizing an organization such as Extend Health to assist retirees and laid off members with rights of recall in understanding and selecting Medicare Supplement plans and commercial plans which may become available once the insurance exchanges become operational in 2014.

Section 3 - Retiree Medical

A. Retiree Health Care Accounts for Future Retirees (retiring effective April 2, 2012 and later)

Employees who retire effective April 2, 2012 and later who meet the eligibility requirements for participation in the Retiree Medical Plan will be provided with a Retirement Health Care Account (RHCA) which can be used to offset the cost of participation in the Retiree Medical Plan or other such plan that retirees may be eligible to participate in. To be eligible for the RHCA, the employee must retire from active service at a minimum age of 55 with a minimum of 10 years of service in a class eligible for retiree medical, or for USW local 2-209 at any age with a minimum of 30 years of service in a class eligible for retiree medical benefits. Service will not include periods of layoff.

Provision of coverage under the Retiree Medical Plan is contingent upon the retiree and spouse, if any, electing coverage under Medicare Part B when it is first available to each of them. Because Medicare Part B is available to persons who are disabled, this coverage may be available prior to age 65, and it must be elected, regardless of age.

Employees who meet the eligibility requirements for participation in the Retiree Medical Plan and retire effective April 2, 2012 or earlier will be covered under retiree medical benefit provisions provided for in the CBA which expires March 31, 2012. This means that such employees must have been eligible to retire and receive retiree medical benefits before or during the expiration of the Collective Bargaining agreement between the parties that expires on March 31, 2012.

The RHCA is a notional account with a beginning balance calculated by taking the retiree's years of service in a class eligible for retiree medical (calculated fractionally per months of service during the calendar year) and multiplying those years by \$4,000. The retiree may utilize this RHCA (draw down the account) to provide for the required payments for participation in the Retiree Medical Plan or other such insurance program that the retiree may be eligible to participate in. Under this arrangement, the retiree pays the full cost of participation for himself/herself and for eligible dependents under the Retiree Medical Plan, or other plan. The RHCA may also be used to reimburse the retiree for the cost of participation in another type of medical coverage such as AARP, a plan made available under one of the insurance exchanges that will become operational in 2014, his/her spouse's plan or another commercial arrangement. Once a retiree elects to drop the Harley-Davidson Retiree Medical Plan(s), the retiree and any eligible dependents may not re-enroll in any of the

1 Harley-Davidson Retiree Medical Plan(s). Additionally the RHCA can be utilized to reimburse the
2 retiree for up to one-half the annual deductible and out of pocket maximum under the Harley-
3 Davidson Retiree Medical Plan with proof of the expenditure. Finally, the RHCA can be used to
4 reimburse Medicare Part B premiums and COBRA premiums for dental and vision coverage for both
5 the retiree and eligible spouse.
6

7 The Company will discontinue the Retiree Medical Plan on January 1, 2014. Any employee who
8 retires prior to April 2, 2012 will still be eligible to participate in the Company's Retiree Medical
9 Plan. Employees who retire between April 2, 2012 and December 31, 2013 will have access to
10 Company sponsored retiree medical benefits until they cease on January 1, 2014. Discontinuation of
11 the Retiree Medical Plan will not impact the Company's commitment to provide the RHCA account,
12 but will require the retiree to obtain alternate coverage in the private sector or via the insurance
13 exchanges.
14

15 The RHCA is not a funded account. It does not accrue interest and any balance remaining in it after
16 the death of the retiree and surviving spouse is forfeited.
17

18 **B. Structure of Retiree Medical Plan**

19 Employees who retire under the term of this Agreement will have a Retiree Medical Plan that is
20 similar to the then current medical plan for retired U.S. full-time salaried employees until
21 12/31/2013, at which time the Retiree Medical Plan will be discontinued and such benefits will cease
22 as of January 1, 2014. At such time, retirees will be required to pay for the full cost of this coverage
23 from their RHCA, from their HRA (if they have one) or from personal resources once the RHCA is
24 depleted. After 12/31/2013, retirees will continue to have access to their RHCA to receive
25 reimbursement for costs they incur to receive coverage under alternative insurance arrangements.
26

27 Retirees and dependents who are eligible for Medicare will be covered primary under Medicare, and
28 will be covered secondary by the Retiree Medical Plan until it is discontinued. The retiree
29 contributions to enroll in the Retiree Medical Plan as secondary will be lower than retiree
30 contributions for coverage when Medicare is not primary.
31

32 **C. Retiree Medical Plan Eligibility Under Disability Retirement**

33 At the time the employee meets the criteria for Disability Retirement (as early as the beginning of the
34 7th month following onset of the disability up to as late as twenty-four months following
35 commencement of the disability), the disabled employee will be eligible to participate in the Retiree
36 Medical Plan, if the employee has ten (10) years of Bargaining Unit service in a position eligible for
37 post-retirement medical coverage, or for USW local 2-209 members at 30 years of Company service
38 in a class eligible for retiree medical benefits at any age provided such employee has attained these
39 minimum thresholds before or during the 1st 6 months of disability while on S&A. The same
40 provisions regarding the RHCA and the elimination of the Retiree Medical Plan as referenced above
41 also apply to retiree medical eligibility in Disability Retirement. After 12/31/2013, retirees who
42 qualify for Disability Retirement will continue to have access to their RHCA to receive
43 reimbursement for costs they incur to receive coverage under alternative insurance arrangements.
44

45 Refer to sections 3A and 3B for information on how the RHCA is calculated and used and the
46 current structure of the Retiree Medical Plan.
47
48
49

Section 4 - Sickness and Accident Insurance

- Sickness and Accident Insurance (S&A)

- Rate will be a maximum of \$495 weekly but in no event will it exceed 2/3 of the employee's weekly base pay (without overtime or other payments of any kind).
- Effective April 1, 2012, the Sickness and Accident Insurance benefit plan will be modified. Sickness or accidents which require hospitalization of twenty-four (24) hours or longer will be eligible for S&A benefits beginning with the date of hospitalization. All other sickness and accident benefits will be available after the completion of 4/5th of the employees regular work week with benefits beginning after that period of time.
- The maximum number of S&A benefit days available to any employee is based upon 26 weeks of benefit payment in any rolling twelve (12) month period. S&A benefits are not available in partial day increments.
- In order to receive subsequent periods of S&A benefits due to sickness (not due to the same event), the employee must have returned to work and have worked for a minimum of four (4) work weeks. For individuals working shifts that differ from 8 hours this requirement will be based upon work hours. These four (4) work weeks are based upon actual days scheduled to be worked; vacation, holidays and non-work days are not counted as days worked. Unless and until an employee has returned to work and worked for at four (4) work weeks, the employee is not eligible for any further S&A benefits. (If there is a subsequent period of sickness that is a continuation of a sickness that previously was covered under the S&A plan, and the maximum number of benefit days has not been reached, the four (4) work weeks requirement will be waived. The maximum benefit of 26 weeks in the rolling twelve (12) month period will still apply.)
- Once an employee has exhausted benefits under the S&A plan, there will be no further benefit eligibility until the employee has returned to work for four (4) work weeks (unless the subsequent period of sickness that is a continuation of a sickness) and benefits received in the prior rolling twelve (12) month period are less than 26 weeks of benefit.

Section 5 – 401(k) Company Matching Contribution

The parties agree that, effective with participant elective deferrals commencing April 1, 2012 and thereafter, a 401(k) Company match of up to 25% of the first 6% contributed by the employee will be granted to each full-time regular Bargaining Unit employee active on the Wisconsin hourly Payroll who is contributing to the 401(k) Plan, and provided the matching criteria is met (see below). In order to receive any portion of the Company match, the employee must be employed by Harley-Davidson on the last day of the plan year (December 31). Employees who retire, die, or become eligible for Social Security Disability benefits during the year will still be credited for any match payable for the year, even if not employed on December 31.

The Company matching contributions will be invested in the Harley-Davidson Common Stock Fund. The value of the Company match may be exchanged to any other investment option in the Plan at any time following the credit of such matching contribution to the employee's account. The matching contributions are not available for loans or hardship withdrawals under the Plan. To be "vested" in (or have a non-forfeitable right to) the value of the Company match, an employee of Harley-Davidson must have at least three (3) calendar years of Company service during which the

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employee is credited with at least 1000 hours of service in each year (three (3) "years of service"). Employees are also 100% vested in the value of the Company matching contribution account at retirement, death or when eligible for Social Security Disability benefits.

The matching provision applies only to employee 401(k) Plan contributions up to 6% of pay (subject to the annual IRS dollar amount contribution limit). The match, if any, will be determined each year after EBIT (Earnings Before Interest and Taxes) as a percentage of revenue for Harley-Davidson Motor Company has been calculated.

Under current guidelines, when EBIT for a fiscal year is at least equal to 11%, a Company match will be made. The match formula effective April 1, 2012, is as follows:

<u>If Harley-Davidson Motor</u>	
<u>Company's EBIT % Is:</u>	<u>Match Is</u>
Under 11%	0%
11% or greater	25%

EXAMPLE:

(assume EBIT of 11% or greater)

\$26.00/hour X 2080 annual hours = \$54,080

assume \$10,000 overtime pay \$10,000

\$64,080	Annual earnings
<u>X 6%</u>	
\$3,844.80	401K tax sheltered contribution
<u>X 25%</u>	Company Match %
\$ 961.20	Company Match

\$4,806.00 Total employee & Company Match

To determine if a 2012 match will be made, the EBIT criteria applies to the full year 2012 results of Harley-Davidson Motor Company.

Newly hired employees will be automatically enrolled in the 401(k) plan at a pay deferral percentage of 4% of their eligible pay. Employees can opt out of this automatic enrollment by notifying the Plan Administrator.

Section 6 - Non-Contributory Pension Rate

For the duration of this Agreement, the Pension Multiplier will remain at \$47 per year of service.

Section 7 - Contributory Pension Plan Overview

The parties agree that effective April 1, 2012 the contributory portion of the Wisconsin Hourly Employee Pension Plan will be frozen and all future contributions and benefit accruals will be stopped. Amounts that participants continue to leave in the Plan will continue to accrue interest in accordance with the terms of the Plan. Participants in this portion of the Plan will preserve all of their accrued benefits and rights under the Plan. The Company will discontinue any additional

payroll deductions for benefit accrual under this Plan effective April 1, 2012.

The Company will comply with all regulations requiring notification of participants concerning the cessation of further benefit accruals under the contributory provisions of the Plan.

Section 8 – Indefinite and Medical Layoffs and Termination Benefits Eligibility

In the event of a regular layoff, the Company will:

1. Continue medical coverage for a period of six (6) months from the date of layoff provided that the employee pays the same premium cost (contribution) as active employees pay (in the same enrollment coverage category); and
2. If the period of layoff lasts for six (6) months, at the end of the sixth (6th) month, the Company will permit employees to continue their medical coverage at 102% of the full cost of coverage for up to twelve (12) additional months in accordance with federal COBRA laws; and
3. Offer group dental and vision coverage continuation, at 102% of the full cost of coverage for up to eighteen (18) months following the date of layoff in accordance with federal COBRA laws; and
4. Provide the information and application necessary to convert the Basic Group Life Insurance and Supplemental Group Life Insurance policies to individual policies.

In the event of termination of employment for any reason, the Company will permit employees at 102% of the full cost of coverage, to continue their medical-only coverage or medical, dental and vision (package) coverage for up to eighteen (18) months after termination of employment in accordance with federal COBRA laws.

ARTICLE 20 - SAFETY

Section 1

It is the basic objective of both parties to this Agreement that both employees and the Company maintain safe working conditions. All employees are responsible for behaviors that promote safe working practices consistent with all Company policies, procedures and applicable local, state and federal laws. The Company agrees to make available necessary safety equipment to protect employees against hazards, provide adequate training to promote safe working conditions, determine that safety programs are carried out, and make other reasonable provisions for the safety and health of employees including maintaining locker accommodations.

Section 2

The Union and the employees agree that they will cooperate in promoting safety programs including promoting a safety culture and will comply with all safety rules and regulations and use all safety equipment as required by the Company. The Company will notify the Union of changes in policy with regards to safety rules, regulations and other items.

Section 3

All employees are empowered to shutdown any and all equipment that they reasonably believe is immediately threatening to life, health, and/or the environment and shall immediately report the situation to the Area Manager.

Section 4

The Company and Union agree that Union employee involvement is important to our long-term safety success. The Company may select employee(s) to assist management in the execution of key safety initiatives. The selection process will include joint interviewing based on employee's qualifications and work record and the recommendation of the Union President. Final selection will be made by the General Manager.

Section 5

Consistent with its right to amend or establish rules and regulations, the Company has the right to amend or revise its Drug and Alcohol Policy, including split sample, reasonable suspicion and post-accident drug testing.

Section 6

All employees shall immediately report an injury, unsafe work condition and/or unsafe work practice to their immediate supervisor.

Section 7

Each employee will earn a \$50.00 credit per calendar year to be applied toward the purchase of prescription safety glasses up to a maximum accrual of \$200.00 after four years.

Each employee will earn a \$60.00 credit per year to be applied towards the purchase of Safety Shoes up to a maximum accrual of \$180.00.

ARTICLE 21 - UNION REPRESENTATION

Section 1

The Union shall select from among its members and current employees one (1) Union Steward for every seventy-five (75) regular employees, or a fraction thereof, in the Bargaining Unit. The Company and Union may agree to a different ratio where conditions require. In addition, the Union may select a Bargaining Committee (referred to as the Committee) in accordance with the bylaws of their Union however, only the Union President will act in a full time Union role.

The Company shall pay a single Union Steward and the aggrieved employees at their applicable hourly earnings for the time spent (Straight Time only) processing grievances. The Company shall pay the Committee and Union Stewards for attendance at any other joint Union-Company meetings called by Management.

Section 2

The Union will furnish to the Company a list, signed by the Union President, of all the Committee members and Union Stewards. Whenever there is a change of Committee members and/or Union Stewards, the Union will give written notice (signed by the Union President) of any such change to the Company.

Section 3

During straight time hours only, the Union President will be released to carry out Company and Union Business, except as otherwise approved by the General Manager. On or before April 2014, the Company and Union may agree to allow an additional union official to be released to carry out Company and Union business. If so agreed to, this decision will be reviewed on an annual basis and will be extended at the Company's discretion.

Section 4

It is understood that all other Committee members and Union Stewards are full time working employees and will be released, operations permitting, as reasonably required to investigate and disposition employee grievances. If such processing and/or investigation extend beyond one (1) hour, the Committee members and/or Union Stewards must notify and gain approval from their supervisor, the Company will not unreasonably deny request. Committee members and Union Stewards agree that they will make reasonable efforts to perform their Union duties in an efficient manner, so as to also effectively perform their regular job duties.

Section 5

Union Stewards and/or the Committee will be paid for reasonable time spent at the facility on grievance processing during regular straight time hours only. Overtime, when available, will be in the Union Stewards' and Committee members' normal classification, department and/or rotation group. If the Union has a need to conduct Union business outside of the 40 hours, the Union will be responsible for any compensation owed to the Union Officer or Union Steward.

Section 6

The Committee shall be assigned to the first shift, except in the event of layoff. Union Stewards selected on a particular shift will be permitted to remain on that shift, except in the event of a layoff.

Section 7

Authorized International Union Officials of the Bargaining Unit and the Committee will be permitted access to the site(s) at times when necessary to transact legitimate Union business pertaining to the administration of the Agreement between the parties.

Section 8

The Company agrees to provide glass enclosed and lockable bulletin boards for the exclusive use by the Union for posting Union notices. Such notices may include notices of Union elections and results, appointments, meetings, social functions and other similar material. All such notices must be signed by duly authorized representatives of the Union.

ARTICLE 22 - DISCIPLINE AND DISCHARGE

Section 1

No employee shall be discharged or disciplined without just cause.

Section 2

A. If an employee is called into a meeting by the Company to discuss an employee's alleged misconduct and/or possible disciplinary action, the Committee Member or a Union Steward will be asked to be present prior to the meeting to represent the employee. The employee and the Union Steward or Committee member shall be advised of the charges against the employee and shall be given an opportunity to discuss the matter prior to the start of the meeting.

1
2
3
4 B. If in the judgment of the supervisor the immediate removal of the employee from the Company's
5 premises is necessary for the protection of others, the continuation of normal operations or the
6 maintenance of discipline, such consultation may be postponed. In the event that such right of
7 consultation is postponed, the supervisor shall, within the shift, if possible, notify the Union
8 Steward and/or Committee of the actions taken against the employee and the reasons for such
9 action. The Company will notify the local Union President, in writing and/or by phone, no later
10 than the workday following of any discharge or suspension pending discharge or disciplinary
11 action for a specific period of time.
12

13 **Section 3**

14 The Company reserves the right to issue discipline up to ten (10) work days from the original
15 infraction and/or date of incident (or from the Company's discovery of infraction or incident) to
16 allow for adequate investigation of the situation. If the investigation can not be reasonably
17 completed in ten (10) work days, then the Company will place the alleged employee(s) on notice
18 pending the conclusion of the investigation. If the alleged employee is placed on notice within the ten
19 (10) work days, the Company may continue to investigate and may issue discipline outside of the ten
20 (10) work days. If the employee is not present at work to receive the discipline within this
21 timeframe, the discipline may be mailed to the employee.
22

23 **Section 4**

24 If an employee is called into a meeting by the Company for the purpose of issuing a discipline, the
25 employee shall have the Union Steward and/or Committee present prior to the time such discipline is
26 given. If the Union Steward and/or Committee member is not present prior to the meeting, no
27 disciplinary action can be taken at that time.
28

29 **Section 5**

30 Any employee who believes that his/her discipline unjust may file a written grievance within ten (10)
31 work days contesting the Company's action. If a grievance is not filed by the employee contesting
32 his/her discipline within the time limits set forth above, the action taken by the Company will be
33 final and binding on both parties.
34

35 **Section 6**

36 In administering discipline as a result of a current charge or offense, the Company will not take into
37 account any prior verbal level warning or written level warning discipline which occurred more than
38 twelve (12) full calendar months of active employment previous. In the administration of discipline
39 as a result of a current charge or offense, the Company will not take into account any prior
40 disciplinary suspension which occurred more than twenty-four (24) calendar months previous, except
41 in cases of discipline for violations of the Company's Anti-Harassment or Workplace Violence
42 Policy.
43

44 **ARTICLE 23 - GRIEVANCE PROCEDURE**

45 **Section 1**

46 A. "Grievances" shall mean, and be limited to, disputes or differences between the Company and the
47 Union, or employees so represented, with respect to the interpretation or application of any
48 specific provision of this Agreement.
49

1 B. Nothing contained herein shall prevent an employee from exercising his/her rights under Section
2 9(A) of the Labor Management Relations Act of 1947 except that no individual will have the
3 right to invoke the arbitration provision.
4

5 C. Any individual employee or group of employees, shall have the right at any time, to present
6 grievances to the Company and to have such grievances adjusted without the intervention of the
7 Union as long as the adjustment is not inconsistent with the terms of the Agreement and
8 providing that a Committee member or Union Steward has been given the opportunity to be
9 present at such adjustment.
10

11 **Section 2**

12 A. Failure to follow the procedures and steps outlined or the failure to follow the time limits within
13 which certain acts may be done or the expiration of any such time limits shall be an absolute bar
14 to further processing of grievances or the arbitration thereof.
15

16 B. All periods (days) referred to herein shall be work days (Monday through Friday excluding
17 holidays) unless otherwise specified. Waivers of any such procedures and time limits must be in
18 writing and signed by the parties. If the Company fails to abide by the time limits herein, the
19 Union shall have the right to process the grievance to the next step of the procedure as if the
20 Company had complied with the time limits. If the employee and/or the Union fail to abide by
21 the time limits herein, the Company shall consider the matter closed.
22

23 C. Extensions of time may be granted as mutually agreed to by the parties.
24

25 **Section 3 – Grievance Procedure**

26 A. An employee having a grievance may take it up with his/her immediate supervisor either with
27 his/her Union Steward, or at the request of the aggrieved employee, by the Union Steward alone.
28 The employee's request for a Union Steward will be granted within approximately one (1) hour if
29 operating conditions permit.
30

31 B. Recognizing the value and importance of full discussion in clearing up misunderstandings and
32 preserving harmonious relations, every reasonable effort shall be made to settle problems
33 promptly at this point through discussion.
34

35 C. If the matter is not disposed of in the discussion, the grievance shall then be reduced to writing
36 and submitted to the Supervisor within ten (10) work days of the alleged violation and shall set
37 forth a statement of facts that the employee is relying on and the Section(s) of the Agreement
38 violated, state the relief requested, and shall be signed by the employee(s) and the appropriate
39 Union Steward or Committee member.
40

41 **D. Step One**

42 1) The grievance shall then be taken up by the Union Steward with the Supervisor at the weekly
43 grievance meeting.
44

45 2) The Supervisor shall give his/her written reply within five (5) working days of the formal
46 grievance meeting. Such responses are non-precedent setting.
47

48 3) If the grievance is not satisfactorily settled or if the supervisor fails to respond within the
49 specified time limits, the Steward may process the grievance to the next step. Such appeal

must take place within five (5) work days.

E. Step Two

- 1) The grievance shall then be taken up by the appropriate Committee member with the Area Manager and HR Representative at the weekly grievance meeting.
- 2) The Area Manager shall give his/her written reply no later than the next weekly grievance meeting. Such responses are non-precedent setting.
- 3) If the grievance is not satisfactorily settled or if the Area Manager fails to respond within the specified time limits, the Committee Member may process the grievance to the next step. Such appeal must take place within five (5) work days.

F. Step Three

- 1) The Union President/Shop Chairman shall provide a list of grievances to the HR Director/Manager of the Step Three grievances to be discussed at least two (2) days prior to the Step Three grievance meeting.
- 2) The grievance shall then be taken up by the Committee with the General Manager(s) and/or his/her designee(s) and HR Representative(s) at the monthly Step Three grievance meeting. General grievances filed by the Union, where no specific employee covered by this Agreement is involved, shall be processed beginning at Step Three of the Grievance Procedure. For any grievance involving a suspension or a discharge, either party to this Agreement will be permitted to call up to two (2) employees, per grievance, as a witness, this number may be increased as necessary by mutual agreement.
- 3) A District Representative of the International Union shall have access to the plant and office during working hours for the purpose of investigating alleged grievances, participating in third step grievance meetings, and other legitimate reasons.
- 4) The Company shall give a written answer to all Step Three grievances within ten (10) work days from the date the grievance was fully discussed in the Step Three Meeting. In the absence of a specific agreement that the Step Three resolution or answer is precedent setting, the resolution or answer shall not be considered precedent setting.
- 5) If the grievance is not satisfactorily settled such grievance may be appealed to arbitration.

Section 4 - Arbitration

If a grievance is fully processed in accordance with the provisions of this Agreement and it has not otherwise been resolved, the Union may process the grievance to arbitration as follows:

- A. The parties agree that within one (1) week following the next regular scheduled meeting of the Union, or thirty (30) calendar days (whichever is longer) the Union will make known, in writing, their intention towards arbitration relative to the Company's Step Three answer.
- B. The parties will attempt to agree upon an arbitrator, but upon failure to agree within twenty (20) calendar days after receipt of notice in Section 4(A), the Union will request the Federal

Mediation and Conciliation Service (FMCS) to submit an arbitration panel to the parties. The arbitration proceedings shall be in accordance with the rules and procedures of the FMCS with the following exception: if the parties are unable to agree to the selection of an arbitrator from the arbitration panel submitted to them, the FMCS shall submit up to one (1) additional panel to the parties. If, after the second such panel, the parties are unable to agree on the selection of an arbitrator, they will make a selection from a third panel.

C. The Company and the Union shall jointly prepare and sign for the arbitrator a submission setting forth the issue or issues in dispute. If a submission cannot be agreed upon between the Company and the Union, each party shall submit to the arbitrator and to each other a statement of the issues it considers to be in dispute.

D. Not more than one grievance may be submitted to the same arbitrator unless the Company and Union consent thereto.

E. Grievances submitted to arbitration shall be heard in the following order:

1) Suspension and Discharge Cases.

2) Cases involving continuing monetary liability to the Company.

3) All other grievances in the chronological order that they were submitted in Step Three.

F. Considering whether a matter is subject to arbitration as a matter of right, and in considering the case on its merits, and in interpreting and applying the provisions of this Agreement, it is mandatory that the arbitrator shall be guided by the fundamental principle that the Company retains all rights to manage its business including but not limited thereto, those specifically retained in this Agreement, unless expressly modified or restricted by a specific provision in this Agreement.

G. The arbitrator shall not have the power to add or subtract from or modify any of the terms of this Agreement or any agreements supplemental hereto nor to pass upon any controversy arising from any demand of the Union to increase any wage rate prevailing at the time, nor to set to change rates for jobs as provided herein.

H. The arbitrator shall not in any event make awards of back pay beyond the date the grievance was filed and in no event shall back pay award exceed six months of straight time pay.

I. In any proceeding seeking to require or stay arbitration, or to stay, enforce, modify, or set aside a decision or award of the arbitrator, none of the provisions of this Agreement shall deprive a court of its power to determine questions of arbitrability, or the jurisdiction of an arbitrator or the validity of any decision or award of the arbitrator.

J. Each party shall bear its own expense with respect to the preparation and presentation of the matter to the arbitrator, but the cost or expense of the arbitrator and the conference room shall be borne equally by the Company and the Union.

K. The decision of the arbitrator shall be rendered within thirty (30) days following the close of the hearing in the matter.

L. The decision of the arbitrator shall be binding upon the Company and the Union during the duration of this Agreement.

ARTICLE 24 - NON DISCRIMINATION

In keeping with national and state policy, the Company will not discriminate in its employment practices because of race, color, sex, age, national origin, religion, disability, genetic information, sexual orientation, veteran status or other classes protected by applicable law.

Whenever a gender based pronoun is used herein with respect to employees, it shall be applicable to all employees.

ARTICLE 25 - NO STRIKE OR LOCKOUT

Section 1

A. During the term of this Agreement neither the Union nor any of its agents, officers, or representatives, shall authorize, instigate, take part in, or condone any strike, sit down, slowdown, stoppage or any other interference with production or the operation of the Company, nor shall any employee take part in any such action against the Company. The Company, on its part, agrees that during the life of this Agreement it will not institute any lock out of its employees. Slowdown as used in this Section will not apply to any employee who is unable to meet production standards as established by the Company, however, each employee is expected to give a fair performance on all jobs.

B. The Company agrees that it will not institute any action for damages against either the Local or the International Union or any officers thereof for damages by reason of violation of the present Labor Agreement, if:

- a. The violation of the Agreement has not been due to any act of the Local or International Union, or any of the officers or representatives thereof, and if the violation of the Agreement has not been instigated or authorized by the Local or International Union or the officers or representatives thereof, and the Local and International Union, and their officers and representatives, use prompt, diligent and honest effort to prevent or end violations of the Agreement.

ARTICLE 26 - WAIVER AGREEMENT

The waiver by either party of any provision or requirement of this Agreement shall not be deemed a waiver of such provision or requirement for the future, or in the past, and shall not constitute a modification of this Agreement unless such provision or requirement is reduced to writing and signed by the Company, and the representative of the Union. An arbitrator shall have no authority to determine or consider that this Article has been waived.

ARTICLE 27 - FULL AGREEMENT CLAUSE

This Agreement contains all the terms of agreement existing between the Company and the Union. Neither party can claim there are any other binding past practices, understandings, side letters, or other Agreements between them - all such past practices, understandings, side letters, and other agreements are hereby revoked and eliminated, unless they are specifically included in writing in this Agreement. Any future changes to this Agreement (or the continued provision of a benefit not specifically set forth in this Agreement) will only be binding on the parties if agreed to in writing and signed by the applicable General Manager, the HR Director/HR Manager and the incumbent Union President.

ARTICLE 28 - COORDINATED BARGAINING

Harley-Davidson, Inc., Milwaukee USW Local 2-209, Milwaukee IAM Lodge 78, and Tomahawk USW Local 460 agree to Coordinated Bargaining as follows:

The Unions and the Company agree it is in their interest to continue to have joint collective bargaining negotiations with Milwaukee USW local 2-209, Milwaukee IAM Lodge 78, and Tomahawk USW Local 460 for the facilities outlined in Article 2 of this Agreement.

Accordingly, in the next set of negotiations for a successive agreement, the parties will negotiate jointly as described above.

Should any of the three above mentioned Unions fail to ratify this agreement, the Union(s) not ratifying will begin negotiating a new labor agreement with the Company near the end of their existing labor agreement(s). The Union(s) which has already ratified agreements may participate in these negotiations along with the Union(s) which has not. Once a Union ratifies an Agreement, that ratification will be binding and is not subject to modification or rejection based on the outcome of the other continuing negotiations.

ARTICLE 29 - DURATION

This Agreement made and entered on <insert date>, will remain in full force and effect for the period commencing April 1, 2012 and terminating at 11:59 pm on March 31, 2019. This Agreement shall continue in full force from year to year thereafter unless either party desiring to amend or terminate this Agreement shall serve upon the other party written notice at least sixty (60) days prior to the date it desires to amend or terminate this Agreement.

Exhibit #1
Letter of Understanding
Casual Employment Program

Casual Employment Program Overview

The Company may employ Casual Employees in order to cover for (a) vacations and other planned and unplanned absences (including but not limited to overtime absences and to cover for vacancies created by regular employees being trained) and leaves, (b) seasonal and other volume-related reasons, and (c) temporary backfill and other factory needs. Casual Employees are defined as temporary employees hired to perform Bargaining Unit work. Casual Employees are hired at the discretion of the Company on an as-needed basis with length of employment determined by the Company.

In lieu of or in concurrence with Casual Employees, the Company may utilize temporary agency workers contracted by a third party in the same way, and subject to the same limitations and rules, as set forth in 5A that it utilizes the Casual Employees. The temporary agency workers will not be Bargaining Unit employees covered by this Agreement, and will have no rights or benefits of any kind under this Agreement or as available to regular, non-Casual Employees.

There is no limit as to the number of Casual Employees that may be employed at any given time; however, with respect to using Casual Employees for seasonal and other volume-related reasons, the Company will limit Casual Employees to 30% of the total regular Bargaining Unit hours worked (for this purpose, Bargaining Unit hours worked include hours worked by regular Bargaining Unit employees, Casual Employees by temporary agency workers performing Bargaining Unit work) in a calendar year. The following categories do not count against the 30% limitation: (a) use of Casual Employees to provide coverage for vacations and other planned and unplanned absences; (b) use of Casual Employees to provide coverage for leaves of absences and temporary backfills; and (c) time spent training Casual Employees.

These same rules and limitations apply to the Company's use of temporary agency workers to perform Bargaining Unit work of the sort performed by the Casual Employees (e.g., their hours count against the 30% cap to the extent they are performing seasonal and other volume-related work, but their time providing coverage for vacations and other planned and unplanned absences, leaves and temporary backfills, and training does not count against the 30% cap). Hours worked by other outside contractors, vendors, suppliers, on non-Bargaining Unit work or on sourced work as otherwise allowed by the Agreement does not count against the 30% cap.

Casual Pool

A. An individual who applies and is determined by the Company to become a Casual Employee will be placed into a Casual Pool. Regular employees on layoff with recall rights are eligible to apply for the Casual Pool (they may do so at the time of layoff or at any time thereafter). The Company may also recruit for Casual Employees. If two individuals with similar skills are placed into the Casual Pool on the same date, they shall be placed in alphabetical order, with the letter "A" being first.

B. Eligible individuals will be called to work from the Casual Pool based on their skills and date they are placed in the Casual Pool. Should a Casual Employee be unavailable or non-responsive for a work assignment when called on three (3) occasions, he/she will be removed from the Casual Pool call list, and his/her Casual eligibility will be terminated.

C. Casual Employees will not be guaranteed shifts, jobs, or a minimum number of hours.

Overtime

A. Casual Employees when scheduled will be required to work overtime as follows:

1. For shift continuation, Casual Employees will be automatically assigned to shift continuation in the rotation group where the Casual Employee is working.
2. For voluntary overtime, Casual Employees will only be allowed to work voluntary overtime where regular employees in the rotation group have first been offered such opportunity per Article 14 Section 4 Step 1.
3. If not enough qualified, regular or Casual Employees volunteer, the Company will mandate Casual Employees in the rotation group on the shift who are qualified, to work the mandatory overtime before regular employees in the rotation group on the shift are required to work the overtime.

B. There will be no overtime equalization for Casual Employees, nor will any Casual Employee have a right to overtime compared to other Casual Employees or regular employees.

Wage Rates

Casual Employees will be paid the following straight time hourly rate:

A. Production Technician 1	\$16.80
B. Production Technician 2	\$21.16
C. Maintenance Electrical	\$26.15
D. Maintenance Mechanical	\$23.92
E. Maintenance Toolmaker	\$25.74
F. Mechanic 1	\$21.10
G. Mechanic 2	\$22.49
H. Machinist Fabricator	\$23.28

General Wage Increase and Other Pay Differentials

A. The Company reserves the right to increase the wage rate for Casual Employees during the life of the labor Agreement, provided any such increases will be made for all Casual Employees.

B. The Company also reserves the right to award a discretionary annual "merit" bonus, less taxes and withholdings, to individual Casual Employees in recognition of outstanding performance. The Company may award as many or as few such bonuses as it determines appropriate.

C. Except as outlined above, Casual Employees will receive no wage increases and they will not be eligible for adders, shift premiums or other bonuses.

Paid Time Off and Holidays

Casual Employees will not receive any paid time off. Casual Employees also will not receive holiday pay for observed holidays. Casual Employees may be required to work observed holidays.

Retirement and Benefit Plans

Casual Employees are expressly excluded from all Harley-Davidson Hourly Retirement and Benefit Plans, (except to the extent they are still otherwise eligible for such Hourly Retirement or Benefits Plans based on service as a regular employee). Casual Employees will not be entitled to any benefits of any kind (including, but not limited to, medical insurance or retirement benefits), other than those required by law.

Bargaining Unit Seniority and Company Service

A. Casual Employees will not have or accrue Bargaining Unit seniority or Company Service during their casual employment.

B. Former regular employees on layoff (whose seniority rights have not expired under Article 7) and who participate in the Casual Pool, if hired as Casual Employees, will be subject to the same rules and processes as all other Casual Employees. Their Company Service and/or Bargaining Unit seniority will not apply while participating in the Casual Pool or working as Casual Employees, and they will not accrue Company Service or Bargaining Unit seniority during such Casual employment.

C. The Company makes no commitment to hire Casual Employees or temporary agency workers, either as Casual Employees or, ultimately, as regular employees. Casual Employees may be considered if the Company hires regular employees. The Casual Employee, if hired as a regular employee, will start with no Bargaining Unit seniority or Company Service.

Safety Shoes

After completion of the Casual probationary period, a Casual Employee may submit for reimbursement of safety shoes (required on all days of work) per the Company's safety shoe reimbursement policy.

Union Representation

A. As a condition of employment, all Casual employees who are members of the Union and all Casual employees who are not members on the 1st day following the effective date of the Agreement or on the 1st day following their dates of employment, whichever is later, shall become and remain members of the Union in good standing for the duration of this Agreement.

B. All Casual employees shall be regarded as probationary for the first sixty (60) active days of employment. All such employees may be terminated from Casual employment with or without cause and without recourse to the grievance procedure during their probationary periods.

Grievance Procedure and Discipline

A. Casual Employees may be terminated without cause. The provisions of Article 22 will not apply to such employees, except in cases where it is alleged that the termination is because of Union activity or membership in the Union. In such cases, a grievance may be filed as provided in Article 23. A Casual Employee will normally be given the right to see his or her steward or a committee member before being required to leave the factory because of such termination.

1 B. A regular employee on layoff with recall rights who is working as a Casual Employee may be
2 terminated as a Casual Employee without cause, but will only lose his or her recall rights if the
3 termination is for cause.

4
5 C. In the event that a Casual Employee is terminated for cause, any grievance would be limited
6 to only whether the Company was justified in terminating for cause.

7
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10 **Exhibit #2**

11 **Memorandum of Understanding**

12 **Transition Process**

13
14 The Company and the Union agree and understand that the transition to restructured operations as
15 outlined in the restructuring plan, including the reduction in workforce levels, transition of certain
16 work, outsourcing of other work and other elements related to such transition, will occur over time.

17
18 1) In the event the Company determines that a provision of the Agreement not addressed below
19 may take time beyond April 1, 2012 to fully implement, it will meet with the Union and
20 discuss how to best implement the transition. In that event, the Company will give notice of
21 the date of the expected transition, with no less than thirty (30) days notice. Absent mutual
22 agreement, current practice will be maintained until the transition is implemented.

23
24 2) As the Company continues to improve its information technology infrastructure over the
25 coming years, there will be changes and improvements in the Company's technology,
26 equipment, tools, process and policies. The Company reserves the right to implement
27 modified or new information technology, equipment, tools, processes and policies, and it will
28 provide notice of any such changes to the Union to the extent they impact the Bargaining
29 Unit.

30
31 3) The categories for the 0-3% adder for contract year April 1, 2012 – March 31, 2013 will be
32 determined in December 2011. If achieved, the first 0-3% adder will be added starting with
33 the first payroll after March 31, in 2013.

34
35 4) All wage and benefit provisions will take effect on or after April 1, 2012 unless otherwise
36 indicated in the labor Agreement.

37
38 5) Although the new labor Agreement does not become effective until April 1, 2012, the parties
39 acknowledge that the current Agreement provides the Company the right to take the actions
40 set forth below. The Union will fully cooperate and support the following types of activities
41 to prepare employees for new operating structures, roles, duties, etc that will fully take effect
42 on April 1, 2012. Some examples of the implementation activities include, but are not
43 limited to:

- 44 • Leadership preparation and training
- 45 • Team Leader selection, training and pilots
- 46 • Rotation Group design, team training, tools (e.g. work rebalance, lean CI, TPM, 5S, etc)
- 47 and pilots
- 48 • Operating structure pilots and training

- 6) Employees will be transitioned to one of the new classifications outlined in the labor Agreement on April 1, 2012. Below is a chart of the planned migration of Classification Groupings. Many classifications that exist today will be transitioned or eliminated.

Milwaukee Operations

Proposed Classification	Current Classification
Production Technician 1	Powdercoat Tech
	Fluid Specialist
	Powertrain Tech II-Assembler
	Powertrain Tech II-Material Spec
	Powertrain Tech II-Test E&T
	Powertrain Tech I-Machinist-Operator
Production Technician 2	Stationary Eng-Adv
	Inspector Layout A
	Tool Grinder
	Powertrain Tech I-Assembly Repair
	Powertrain Tech I-Inspector
	Powertrain Tech I-Machinist-Setup & Operator
	Powertrain Tech I-Heat Treat
	Non-Traditional
Maintenance Electrician	Electrician A
Mechanic 1	Service Mechanic A
	Service Mechanic B
Mechanic 2	Exp Mechanic A
Machinist Fabricator	Exp Machinist/Fabricator "A"

- 7) During the transition to the new classifications set forth in the Agreement, there will be some jobs that will be redesigned, consolidated or reduced. In such cases, the Company may require testing and assessment to determine which employees possess the most appropriate skills and best fill the needs of the business going forward.

Such tests will be established by the Company with Union input and are anticipated to be administered in Q4 2011. The jobs that are currently anticipated to be included in this testing process are:

- PT 2 Classification – Machinists Positions

- 8) The continued transition of Union Committee Members to working roles will be communicated to the Union, but in no event later than December 31, 2012.

Production Technician 2 (Machinist Set Up and Operate) Transition Process

The Company and the Union agree that the transition to the Production Technician 1 (PT1) Machine Operate or Production Technician 2 (PT2) Machine Set Up & Operate positions will occur in the following manner:

- A. Employees in the current Powertrain Technician 1 Machinist classification will be placed into either the PT1 Machine Operate or PT2 Machine Set Up & Operate positions. Staffing levels will be based on the operational needs.
- B. Testing to determine which employees possess the skills for the PT2 Machine Set Up and Operate positions will be developed and validated by the Company with the input from the Union.
- C. The Company will test all current Powertrain Technician 1 Machinists. Those who pass the test will be classified as PT2 Machine Set Up and Operate. Employees who do not pass the test will be classified as PT1 Machine Operate. Employees will receive feedback regarding their test results.
- D. Employees in PT1 Machine Operate and PT2 Machine Set Up and Operate positions may be realigned across rotation groups to ensure proper staffing levels. Senior employees will be realigned on a voluntary basis. If not enough volunteers, employees will be realigned by inverse seniority.
- E. Since it is possible that more employees may qualify as PT2 Machine Set Up and Operate than are required based on operational needs, the realignment may result in an excess of PT2 Machine Set Up and Operate roles in rotation groups. As these positions are vacated such positions may not be replaced.
- F. Employees classified as PT2 Machine Set Up and Operate through this process will retain the classification until they post into a position other than PT2 Machine Set Up and Operate, are displaced into a position outside of the machining areas or are unable to successfully perform the requirements of their position.
- G. The testing outlined in this process may be conducted prior to April 1, 2012. The effective date of the reclassification of employees to the PT2 Machine Set Up and Operate and PT1 Machine Operate positions will not be made prior to April 1, 2012.
- H. Once the above process is complete, PT2 Machine Set Up and Operate and PT1 Operate openings will be filled per the Agreement in effect on April 1, 2012.

Exhibit #3

**Memorandum of Understanding
Transition Process**

Millwright Classification Transition

A. As of April 1, 2012, the classification currently titled "Millwright 1" will be classified as PT2 Millwright and will be reduced to fifteen (15) full time employees. The hourly rate of pay for this position will be \$34.90 until February 28, 2019. As of March 1, 2019, the hourly rate of pay for this position will be at the Production Technician rate in effect at that time.

B. Senior volunteers in the Millwright 1 role will be reclassified as PT2 Millwrights and must demonstrate the ability to perform all the job functions required. All other Millwright 1 employees will be displaced to other classifications or laid off in accordance with the Agreement in effect on April 1, 2012.

C. As these positions are vacated such positions will not be replaced.

Exhibit # 4

**Letter of Understanding
Company Commitment**

The Company agrees that if their last, best and final offer presented on September 3, 2010 is ratified by USW 2-209 by September 13, 2010 and approved by the Company's Board of Directors on September 14, 2010, without otherwise limiting its rights under the Labor Agreement the Company will discontinue current work related to the alternate site study as it relates to operations with bargaining unit employees represented by USW 2-209.

Company Proposal #6 (Last, Best & Final Amended) September 3,
2010 USW 2-209

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**LETTER OF UNDERSTANDING
USW LOCAL 2-209 CONTRACT RATIFICATION INCENTIVES**

The Parties agree to the following:

I. The Company's proposal to restructure the Wisconsin operations will be enhanced as follows:

A. **RATIFICATION BONUS.** All active full time employees (not employees on layoff and not casual employees) on the payroll and all employees on layoff from full time employment with recall rights (including casual employees on layoff from full time employment with recall rights) as of September 13, 2010 will receive a lump sum payment of \$1,000 dollars (\$1,000). This payment will be paid on or before September 30, 2010.

B. **PAYMENT TO CURRENT ACTIVE EMPLOYEES STILL ON THE PAYROLL ON JANUARY 1, 2013.** All full time active employees (not employees on layoff and not casual employees) on the payroll as of September 13, 2010, who are still full time and active (not employees on layoff and not casual employees) on the payroll on January 1, 2013, will receive a lump sum payment of twelve thousand dollars (\$12,000). This payment will be paid on or before January 31, 2013.

C. **PAYMENT TO EMPLOYEES ALREADY ON LAYOFF.** Employees on layoff with recall rights (including casual employees on layoff from full time employment with recall rights) as of September 13, 2010, will receive a lump sum separation payment in the amount of twelve thousand dollars (\$12,000). Payments will be made no later than November 30, 2010. (The parties acknowledge that employees on layoff as of September 13, 2010, are not entitled to contractual severance under the 2008-2012 Labor Agreement between USW local 2-209 and Harley-Davidson Motor Company.)

D. **FUTURE REDUCTIONS IN FORCE -- VOLUNTARY AND INVOLUNTARY TERMINATION PACKAGES.** The parties anticipate that some jobs may be lost between September 13, 2010, and December 31, 2012. Reductions in force during such time period will be handled as follows:

1. Voluntary Separation. Beginning on September 13, 2010, for each reduction in force (if any) the Company decides to implement between September 13, 2010, and December 31, 2012, the Company will provide written notice to the Union of the proposed reduction at least 45 days before the reduction is scheduled to occur. Such notice will specify the date such reduction is scheduled to occur, the number of Production jobs, if any, to be reduced (as a single seniority group) and the number of Skilled Trade jobs, if any, to be reduced (by seniority group). Full time active employees (not employees on layoff and not casual employees) in each seniority group to be reduced who are on the payroll as of September 13, 2010 and not already terminated or designated for termination as of the date

notice of a planned reduction is provided to the Union will be eligible to volunteer for the planned reduction by giving written notice to the Company on a Company provided form within 15 days after notice of the reduction is provided to the Union. If, for any given reduction, the number of volunteers in an applicable seniority group exceeds the number of jobs to be reduced in that seniority group, the Company will designate the volunteers in that seniority group whose employment will be terminated in such reduction in order of high to low seniority within that seniority group. Once an employee elects to volunteer for a reduction by giving notice as described in this Section I D 1, he/she cannot withdraw that election for that reduction.

Each employee who volunteers for a workforce reduction as described in this Section I D 1 and whose employment is terminated in such reduction will receive a lump sum payment equivalent to the contractual severance for plant closing outlined in the 2008-2012 Labor Agreement between USW local 2-209 and Harley-Davidson Motor Company - Article XX - Severance Pay (whether or not their job loss would otherwise be characterized as qualifying for severance under that provision). These employees will also receive a separation bonus of twelve thousand dollars (\$12,000). These separation payments will be paid within 30 days after the date the employee is terminated.

Note for Retirees: Each employee who is eligible to retire on or before March 31, 2012, who prior to February 15, 2012 volunteers for a workforce reduction as described in this Section I D 1, and whose employment is terminated in such reduction, will receive the retirement and medical benefits they qualify for under the 2008-2012 Labor Agreement between USW local 2-209 and Harley-Davidson Motor Company. (An employee eligible to retire on or before March 31, 2012 who volunteers for a reduction but is not selected may still choose to retire on or before March 31, 2012 to obtain the retirement and medical benefits under the 2008-2012 Labor Agreement between USW local 2-209 and Harley-Davidson Motor Company; however, that employee would then not be entitled to the separation payments set forth above.)

Employees reduced under this volunteer process will be considered terminated (or, as appropriate, retired) employees, forfeit their seniority, and have no recall rights. The Company reserves the right to delay the termination of a volunteer under this process for up to nine months after the scheduled implementation of the applicable reduction in force based on the need for the volunteer's skill or ability. In no event shall a selected volunteer's termination be delayed later than December 31, 2012.

2. **Involuntary Separation.** If there are insufficient volunteers for a planned reduction in force between September 13, 2010, and December 31, 2012, the reduction in excess of the number of volunteers will be carried out under the applicable labor agreement rules in effect at the time. All active full-time employees (not employees on layoff and not casual employees) on the payroll as

of September 13, 2010, who are involuntarily terminated between September 13, 2010, and December 31, 2012 due to a reduction in force, will have two options regardless of years of service:

(a) Such employees may choose to receive a lump sum payment equivalent to the contractual severance for plant closing outlined in the 2008-2012 Labor Agreement between USW local 2-209 and Harley-Davidson Motor Company - Article XX - Severance Pay (whether or not their job loss would otherwise be characterized as qualifying for severance under that provision). These employees will also receive a separation bonus of twelve thousand dollars (\$12,000). These separation payments will be paid within 30 days after the date the employee selects this option 2(a). Employees selecting the separation payments will be considered terminated employees, forfeit their seniority, and have no further recall rights.

(b) Such employees may choose to decline the separation payments offered in Section 2 (a) above. If they do so, they will retain their contractual recall rights for the period of time specified in the labor agreement in effect at the time of layoff.

Note: Employees eligible for option 2 (a) and 2 (b) above, must select option 2 (a) or option 2 (b) no later than nine (9) months after their reduction in force date but before they are recalled. If an eligible employee does not notify the Company of his or her selection in writing on a Company provided form within such time period, he or she will be deemed to have selected option 2 (b).

3. **Timing.** The Company will determine the timing for reductions in force between September 13, 2010, and December 31, 2012. For each reduction, the Company will specify the date such reduction is scheduled to occur, the number of Production jobs, if any, to be reduced and the number of Skilled Trade jobs, if any, to be reduced by seniority group. There is no minimum or maximum number of reductions that must occur. However, between September 13, 2010 and February 1, 2012 employees will have the opportunity to volunteer for a minimum of 200 reductions to occur between September 13, 2010 and December 31, 2012 even if business needs would not otherwise require a reduction in force of 200 jobs between September 13, 2010 and December 31, 2012.

By no later than March 15, 2012, the Company will notify employees who volunteer for the first 200 job reductions whether they are designated for a reduction in force (and will provide each designated employee with an expected last day of work). This timeframe is intended to provide retirement eligible volunteers time to decide whether to retire prior to March 31, 2012, if they are not designated for a reduction in force.

By way of illustration and example of the application of this Section I C, assume the following schedule of terminations:

(a) December 1, 2010 - 50 reductions scheduled for Production jobs. 25 employees volunteer. All volunteers will be terminated within nine months of the scheduled reduction date and receive separation packages. Retirement eligible volunteers will receive the retirement and medical benefits they qualify for under the 2008-2012 Labor Agreement. There may also be up to 25 involuntary terminations.

(b) April 1, 2011 - 25 reductions scheduled for Production jobs. 25 employees volunteer. All volunteers will be terminated within nine months of the scheduled reduction date and receive separation packages. Retirement eligible volunteers will receive the retirement and medical benefits they qualify for under the 2008-2012 Labor Agreement.

(c) February 1, 2012 – The Company gives notice of 100 reductions scheduled to occur by December 31, 2012 for Production jobs and 25 reductions scheduled to occur by December 31, 2012 for Skilled Trades - Millwrights. By giving this notice, the Company reaches the minimum of 200 opportunities offered by February 1, 2012 to volunteer for a reduction. 110 employees in Production jobs volunteer and 15 employees in Skilled Trades – Millwright volunteer. The 100 most senior volunteers in Production jobs and all volunteers in Skilled Trades – Millwright jobs will be terminated by December 31, 2012 and receive separation packages. Such terminated volunteers who are eligible for retirement on or before March 31, 2012 will receive the medical and retirement benefits they qualify for under the 2008-2012 Labor Agreement. The 10 least senior volunteers in Production jobs will be notified by March 15, 2012 that they are not designated for a reduction in force. There may also be up to 10 involuntary terminations in Skilled Trades – Millwrights.

(d) After March 31, 2012 and before December 31, 2012, the Company may or may not conduct additional reductions in force. If it does conduct additional reductions the provisions of this Section I D will apply.

Note: An employee does not lose the right to volunteer for a reduction by bypassing an earlier volunteer opportunity. In the example outlined above, an employee could still volunteer for the April 1, 2011 reduction even if he/she does not volunteer for the December 1, 2010 reduction.

E. There will be no pyramiding of the rights and benefits under Sections I B, I C and I D. No individual may receive rights and benefits under more than one of the subsections in I B through I D above.

F. All payments under Sections I A through I D will be paid less applicable withholdings.

G. Payments to employees on layoff will be mailed to their last address on file with the Company. Payments to active employees will be made pursuant to the payroll process in effect at the time of payment.

II. SETTLEMENT OF ISSUES. The parties agree that all pending grievances, arbitration awards, and/or potential claims relating to: the Franklin closure, subcontracting, outsourcing, jurisdictional issues, shutdowns, reduced work weeks, overtime and overtime canvassing are hereby settled. The parties also agree that the Franklin job protection arbitration award is fully settled and resolved, and the Company has no further job protection obligations or any other obligations under such award. This Letter of Understanding is without precedent to grievances on other issues not addressed in this paragraph.

III. TERMS OF LETTER OF UNDERSTANDING. This Letter of Understanding is expressly conditioned upon: a) acceptance of all terms in this Letter of Understanding as evidenced by the signatures for the Parties below, b) ratification by the Bargaining Unit no later than September 13, 2010, of the Company's final contract proposal for a new 2012 labor agreement, and c) approval by the Harley-Davidson Inc. Board of Directors of the ratified proposal. If items III (a) – (b) do not occur by September 13, 2010 and item III (c) does not occur by September 14, 2010, both Parties will be released from this Letter of Understanding and it will be null and void.

Dated: _____

Harley-Davidson Motor Company (the "Company")

USW Local 2-209

