

# Intalco Works

## Highlights from Proposed, Four-Year Labor Agreement

### *Alcoa Corporation and the International Association of Machinists and Aerospace Workers*

#### Lump Sums & Wage Increases:

Ratification Bonus (Contingent on Ratification by April 10, 2017)	\$2,000 to all active employees on the date of ratification
April 20, 2017	\$2,000 to all active employees
April 02, 2018	3.0% per hour increase to all Labor Grades
April 01, 2019	3.0% per hour increase to all Labor Grades
April 06, 2020	3.0% per hour increase to all Labor Grades

#### Other Wage/Rate Changes:

- Potline Operator classification upgraded to Labor Grade 13 at \$23.353.
- Establish New Labor Grades 13, 14 & 15.
- Move all Crafts to top rate and remove Craft Pay for Skills letter & Tiers.
- Roll the Cost of Living Adjustment (\$0.40 Add-on) into the base and eliminate the COLA provision going forward.

#### Pension Freeze & 401k ERIC & Match:

For all current employees, the current Defined Benefit Pension Plan will be frozen effective **June 1, 2017** and will be replaced with the Retirement Savings Plan of Alcoa USA. Employees hired after **5/31/2017**, will participate in the Retirement Savings Plan of Alcoa USA only. Details are:

- Alcoa will contribute three percent (3%) of an employee's eligible earnings into their 401(k) account as an Employer Retirement Income Contribution (ERIC).
- Eligible Earnings for purposes of this ERIC contribution include Performance Pay Plan payments.
- All eligible employees automatically participate in the ERIC plan and are fully vested in ERIC.
- 2017 eligible earnings will be calculated from June 1, 2017 to December 31, 2017.
- Participants in above plan will also have their Company Match increased to 100% for employee contributions up to six percent (6%).
- Additionally, employees have the ability to contribute up to 50%, in 10% increments, of their performance pay payment into their 401k account
- Benefits accrued under the Defined Benefit Pension Plan as of May 31, 2017 are frozen, and employees will continue to grow into vesting and retirement eligibility for the frozen accrued benefit.

**Pension vs. 401(k) Comparison:**

**Alcoa Corp.**

**Comparison of Current Pension Benefit with \$45.50 Pension Factor to the ERIC Plan Benefit for a New Entrant Age 30**

Age	Service	Annual Rule IIAA Benefit with \$45.50 Multiplier Payable at age 63	Accumulated ERIC Account at Current Age	Accumulated ERIC Account at Age 63	Annual ERIC Plan Benefit Payable at Age 63
		\$	\$	\$	\$
35	5	2,730	12,507	63,931	4,994
40	10	5,460	30,546	116,676	9,115
50	20	10,920	91,937	196,096	15,319
63	33	18,018	262,714	262,714	20,523

**Key Assumptions:**

- Hourly pay rate of \$27.67 per hour worked increasing 2% per year
- 2,500 hours worked per year
- 6% annual return on investment
- 5% and 2017 IRS Lump Sum Mortality for annuity conversion
- Assumes benefit are payable at age 63

**Health and Welfare “Choices” Benefits:**

- Employee Health Care Contributions remain the same for 2018 with modest increases in 2019-2021
- Replace Existing “2012 Choices” Plan with “2015 Choices” Plan, which is the same plan design that salaried employees currently have at Intalco.
- New Plan design effective on Jan. 1, 2018.

**Employee Movement Issues:**

- Improve the movement of personnel by committing to move the successful bidder within 90 days of being awarded the bid.
- Permanent vacancies will not be filled for more than 90 days by temporary assignment before they are bid.

**Employment Security**

- Prior to implementing a layoff, the Company will be required to offer voluntary retirement/quit packages to employees with two (2) or more years of service.
- The package will include \$10,000 plus \$400 per full year of Company Seniority.

**Other Language Changes:**

- Make available updated overtime rosters two times per week.
- Remove “normally” from the restriction on mandatory overtime adjacent to a properly scheduled vacation.
- Expand to all compensable hours, the hours used to determine mandatory overtime availability.
- Change the temporary assignment limitation period from a calendar year to a rolling 12-month period.
- Remove Temporary Employees’ eligibility for Article 22 Employee Benefits Plans.
- New Section on plant-wide overtime rules.
- Commitment to review EAP Program.
- Update existing drug policy to mandate use of existing DOT standards for drug tests and what constitutes a positive test.
- Parties agreed to discuss “Quick Test” Process for the current Drug Policy.
- Change testing period for probationary employees from sixty (60) working days to six (6) months.
- Letter on Mandatory Overtime – renew letter for term of 2017 Agreement.
- Miscellaneous Clean-up & Update changes.