

SHUTDOWN AGREEMENT

Between

United Steelworkers on behalf of its Local Union 1999

and

Rexnord Industries, LLC

THIS SHUTDOWN AGREEMENT dated this 15th day of December, 2016, is by and between Rexnord Industries, LLC, (“Company”) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union on behalf of its Local Union 1999 (collectively the “Union”).

WHEREAS, the Company and the Union are parties to a collective bargaining agreement (“CBA”), including all exhibits, schedules, amendments and supplements, covering all production and maintenance employees (“Employee” as used herein shall mean only those Employees covered by said CBA and employed at the Facility) employed in the Company’s Indianapolis, IN facility (“Facility”); and

WHEREAS, the Company gave proper and timely notice of the shutdown of the Facility to the Union as required by the National Labor Relations Act, the CBA; and

WHEREAS, the Company and the Union have reached a full and final agreement on all issues, and now desire to reduce to writing the agreement they have reached;

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties as set forth herein, the parties hereby agree as follows:

1. MODIFICATION AND TERMINATION OF CBA

a. The CBA and all obligations under the CBA, as modified herein, will remain in full force and effect under the terms of this Shutdown Agreement until the cessation of operations at the Facility; that is, until the Facility closes (as reasonably determined by the Company) or until no bargaining unit Employee remains actively employed by the Company at the Facility, whichever is later. At such time, the CBA, and all obligations there under, shall forever terminate, except as specified otherwise below. Additionally, any and all other agreements between the parties (with the exception of this Shutdown Agreement), whether written or verbal, including but not limited to side letters, prior collective bargaining agreements, addendum agreements, and memoranda of understanding, and all obligations thereunder, shall also terminate upon the cessation of operations at the Facility. To the extent that any provision of this Shutdown Agreement is inconsistent with any provision of the CBA, the terms of this Shutdown Agreement shall govern and any such inconsistent provision of the CBA is hereby declared null and void. Accordingly, the CBA is expressly modified as set forth herein.

The Company agrees that if within a period of five years after moving production from the Indianapolis plant elsewhere, it decided to move this work back to Indianapolis, it shall recognize and bargain with the Union on behalf of all production and maintenance employees. Accordingly, the CBA is expressly modified as set forth herein.

b. During the Shutdown Period, the CBA shall be modified as follows:

i. If there are no Employees on temporary layoff with recall rights, the Company may engage the services of contract or temporary Workers in the plant in order to meet production, maintenance and winding down requirements. Such persons are not eligible for any benefits or rights under the CBA or this Shutdown Agreement. In no event shall a bargaining unit employee be disadvantaged as to the opportunity to perform bargaining unit work while the services of contract or temporary Workers are utilized.

ii. Article V, Section 11 of the CBA is amended to permit non-bargaining unit associates and third party contractors to perform bargaining unit work for training or instructing of non-bargaining unit personnel.

iii. Paragraph 2 of the Agreement dated November 19, 2015 dealing with bumping rights under Article V, Section 6.7 for OSS impacted Employees is hereby rescinded. (Exhibit A attached)

iv. The parties recognize that under the terms of the CBA set forth the conditions whereby the Company has the right to move Employees between jobs, shifts, or departments as needed, and to consolidate shifts and jobs. Furthermore, the time restraints and bumping rights in Article V, Section 6.17 are rescinded. Except that the Company shall provide the Union with one (1) week advance notice of movement of employees between shifts.

v. The parties recognize that under the terms of the CBA the Company has the right to assign any work to Employees outside of their classification.

2. PHASE-OUT OF OPERATIONS

The Company will phase-out its operations at the Facility in such a manner and over such period of time as the Company shall determine; however, it is the present intent of the Company that all Employees shall be terminated by on or about April 30, 2017 (the "Shutdown Date") with the possible exception of certain Employees who may be assisting in the wind down of

operations. The period of time commencing with the signing of this Shutdown Agreement and concluding with the termination of all Employees shall be referred to as the "Shutdown Period." During the Shutdown Period all Employees shall continue to receive their regular wage payments pursuant to the CBA for all hours worked and the Company shall continue to make all required benefit contributions under the CBA. In the event an Employee(s) performs work in a job classification with a higher rate of pay such Employee shall receive the higher of their regular wage rate or the job classification in which the work is performed.

To calculate seniority for all purposes under this Shutdown Agreement, the Company shall use the Employee's original date of hire at the Facility.

3. SEVERANCE PAY

a. One-Time Payment. Each Employee shall be eligible for severance pay equal to \$1,500.00. In addition, each Employee will receive a \$500.00 payment on/or before 12/31/2016.

b. Retention Payment. Each Employee shall be eligible for severance pay equal to one (1) week of pay (40 hours) for each year of service or fraction thereof at the Employee's straight-time wage rate held by the Employee as of the date of this Shutdown Agreement, or the highest classification and rate held as of the date of separation.

c. **Bonuses.** Effective January 1, 2017, active employees are eligible to accrue each month the following additional severance pay amounts

- \$50.00 for on time delivery relative to customer want dates at or above 96%.
- \$50.00 for Productivity – Direct Labor at or above 70%.
- \$50.00 for Quality – no major customer or internal issues; and external PPM at or above 3,000 PPM.

All metrics are measured on a plant-wide basis. These amounts accrue monthly, but are not earned by an employee unless he or she satisfies the Eligibility criteria in this Shutdown Agreement.

d. The Company may offer additional incentives to Employees identified by Manufacturing Managers from among those who have volunteered to be considered in the wind down and transition. In identifying such Employees the Company will consider the relative seniority of those who volunteer and agrees to discuss with the Union any issues arising out of the selection. The Company will provide to the Union the list of volunteers, Employees chosen, and amounts of any incentives provided.

e. Payments under sections 3(a)-(d), except for the \$500.00 payment made on/or before 12/31/2016, shall be referred to in this Shutdown Agreement individually and collectively as “Severance Pay.” Those Employees eligible to receive Severance Pay under this Section 3 of the Shutdown Agreement shall receive such Severance Pay in one lump sum payment within ten days of their execution of the Release described in Paragraph 13.

f. In order to be eligible for any of the forms of Severance Pay under this Section 3 of the Shutdown Agreement, and subject further to the limitations set forth elsewhere in this Shutdown Agreement, the Employee must:

i. continue in active service through his/her date of termination as determined by the Company;

ii. in the reasonable discretion of the Company, satisfactorily perform all assigned work according to his/her work schedule, and;

iii. sign the individual Release attached hereto as Attachment A.

g. Severance Pay shall be paid less all required deductions and withholdings, except 401(k) deductions.

h. **Ineligibility for Severance Pay**

i. It is agreed that Employees who voluntarily terminate their employment prior to the time that they are terminated by the Company shall not be eligible to receive any Severance Pay set forth in this Shutdown Agreement, except with the Company's written approval, in the sole discretion of the Company.

ii. Employees who elect to retire shall not suffer any loss of benefits as provided within the Shutdown Agreement.

iii. It is further agreed that Employees who are terminated during the Shutdown Period for "Just Cause" shall not be eligible to receive any Severance Pay.

4. UNUSED VACATION

Upon his/her termination by the Company, each Employee shall, in accordance with the provisions of Article XIII of the CBA, be paid all earned, unused vacation. The Company will provide each Employee (with a copy to the Union) with a statement of his/her earned, unused vacation during the week in which his/her termination will occur. Employees shall be paid such vacation pay in the week following their termination by the Company. Unused Vacation Pay shall be paid less all required deductions and withholdings.

5. MEDICAL, DENTAL and VISION BENEFITS

A Severance Pay eligible employee will receive continued medical, dental, and vision coverage under the terms of the CBA for six months past the date he/she is permanently separated at no cost to the Employee. This supersedes the continuation of coverage in Article IV of the Supplemental Agreements.

Eligible employees may continue their medical benefit coverage for an additional eighteen (18) months under COBRA and pay the appropriate premium.

Rexnord agrees that Article III of the Supplemental Agreements dealing with retiree medical benefits will continue in force through the expiration of the CBA on October 6, 2018.

6. LIFE and ADD INSURANCE

Coverage will continue under the terms of the CBA for the same period of time the Employee continues medical benefits. A participant may exercise any life insurance conversion options available under the CBA. The cost to the Employee will depend on the type and amount of insurance chosen and any other criteria established by the insurance provider.

7. 401K SAVINGS PLAN

Employees who are not vested as of the date of employment termination will be paid the amount credited to their accounts in cash.

8. PENSION The Company will comply with all requirements under the terms of any pension plans applicable to Employees.

9. SUPPLEMENTAL VACATION PLAN, SEVERANCE PLAN, SUPPLEMENTAL UNEMPLOYMENT

To the extent any of the provisions of Exhibits B and C in the Parties' Supplemental Agreements may be applicable to any Employee receiving Severance Pay under this Shutdown Agreement, the severance pay is in lieu of and replaces the benefits in Exhibits B and C.

10. PERSONAL RETIREMENT ACCOUNT The Company will continue to comply with the terms of the Personal Retirement Account set forth in Exhibit G of the Supplemental Agreements for each eligible Employee through his/her date of separation.

11. TRANSITION ISSUES

a. **Unemployment Compensation.** The Company agrees not to contest unemployment insurance claims made by Employees terminated as the result of the cessation of operations at the Facility, as it is understood that any monies paid under this Shutdown Agreement are intended to cushion the impact of the job loss and are not monies paid in lieu of wages. Moreover, monies paid under this Shutdown Agreement do not consist of the same wage amount and employee benefits package the employee received while employed.

b. **Cooperation.** The Company agrees to cooperate with the appropriate agencies and business organizations to educate Employees on job transition and placement, retraining, and other related services. The Company also agrees to use reasonable efforts to obtain grant money from the State or County to provide additional training for terminated Employees.

c. **Trade Adjustment Act.** The Company and Union shall jointly cooperate in making application for Trade Adjustment Assistance Act benefits.

d. **Letters of Employment Verification.** The Company agrees to provide an original letter of verification to each eligible Employee stating his/her dates of employment, last

job classification, last rate of pay, and that the Employee was terminated due to the closure of the Facility. The Company will also provide to the Employees upon request, copies of training documents, certifications and awards.

e. **Tuition Assistance Program.** The Company will continue its current Tuition Assistance/Reimbursement plan through December 31, 2017.

f. **Financial Planning.** For those Employees participating in the Company's 401(k) plan, the Company will sponsor educational sessions. The Company and Union will agree on the agenda for these sessions.

12. MUTUAL COOPERATION

a. It is agreed that the Union and all Employees represented by the Union will fully cooperate with the Company in effectuating an orderly and efficient phase out of operations at the Facility and the removal of machinery and inventory, including but not limited to Employees allowing themselves to be viewed while working; responding to questions about processes, equipment, tooling and fixtures; assisting in identifying tooling, material, consumables and other items; and validating accuracy in documentation or information used in the processes, if so requested by the Company. It is agreed that neither the Union nor any of its members shall engage in any conduct that violates the No-Strike clause in the CBA. Any Employee discharged for Just Cause prior to being permanently laid off by the Company shall forfeit all rights to Severance Pay, provided, however, that any such discharge may, in the Union's discretion, be grieved pursuant to the terms of the collective bargaining agreement.

b. **Job Interviews** The Company agrees to provide Employees unpaid time off, without penalty to attend interviews to pursue other job opportunities. Employees will provide management with a minimum of 48 hours' notice. The Employee(s) must provide documentation that he/she attended the interview.

13. EMPLOYEE RELEASE

The parties agree, that as a condition precedent to the receipt of Severance Pay under Section 3 of this Shutdown Agreement, the Employee must sign a Release waiving any and all claims he/she may have against the Company, including but not limited to any and all grievances under the CBA, and any claims under the National Labor Relations Act, Title VII of the Civil Rights Act of 1964 (and any subsequent amendments thereto), the Age Discrimination in Employment Act of 1967, any state laws relating to discrimination, the Employment Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, and any other regulation, ordinance, federal, state or local law, and any common law claim that may be released by private agreement. This Release does not apply to work related injuries or illness unknown to the Employee at the time the Release is executed. This Release also does not apply to any action taken to rectify a breach of this Shutdown Agreement. However, the Release does cover any claims arising out of further employment of an Employee under Paragraph 11(f) of this Shutdown Agreement, or a failure by the Company to offer further employment to an Employee under Paragraph 11(f) of this Shutdown Agreement. A copy of the Release is attached hereto as Attachment A. The fully-executed Release must be returned to the Company in order to permit Severance Payments to be made following each employee's termination. Any waiver of rights referenced within the Shutdown Agreement and/or Attachment A shall be applicable only to the extent permitted by law.

14. FULL AND FINAL AGREEMENT

It is agreed that this Shutdown Agreement shall constitute the full and final agreement of the parties on all issues relating to or arising from the permanent cessation of operations at the Facility, including all issues under the CBA.

15. RESOLUTION OF DISPUTES

a. Any and all disputes under this Shutdown Agreement shall be subject to final and binding arbitration; provided, however, that the complaining party must submit its request for arbitration to the other party within fifteen (15) days of the date it knew or reasonably should have known of the existence of such a dispute. The arbitrator shall not have the authority to alter, amend, modify or ignore any express provision of this Shutdown Agreement or the CBA. The parties shall select an arbitrator by mutual agreement pursuant to the CBA's terms.

b. Any grievance that may arise during the Shutdown Period shall be subject to arbitration pursuant to the parameters set forth in the collective bargaining agreement.

16. SEVERABILITY

If any provision of this Shutdown Agreement or the application thereof is held invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or applications of this Shutdown Agreement and to this end the provisions of this Shutdown Agreement are declared to be severable.

17. FULL AUTHORITY

The Union and the Company acknowledge that they have the full authority to enter into this Shutdown Agreement.

THIS SHUTDOWN AGREEMENT (INCLUDING THE RELEASE) IS THE ONLY AGREEMENT BETWEEN THE PARTIES RELATIVE TO THE PERMANENT SHUTDOWN OF THE FACILITY. THERE ARE NO AGREEMENTS, PROMISES, REPRESENTATIONS OR CONDITIONS, WRITTEN OR VERBAL, OTHER THAN THOSE SET FORTH HEREIN.

IN WITNESS WHEREOF, the parties have executed this Shutdown Agreement and it shall become effective in all respects on the 15th day of December, 2016.

FOR THE UNION:

FOR THE COMPANY:
