Summary

of the

Proposed Agreement

between the

USW

and

RockTenn

September 2014

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INTRODUCTION

Brothers and Sisters:

In the paper sector, since the 1980s, we have learned the hard way that large companies (and even most small ones) have established bargaining patterns that suit their agendas. Until now, most locals were shut out from the process.

Management systematically drove a new bargaining pattern from start to finish by focusing bargaining on sites that were endangered or for some other reason in a weakened position – and not in a position to drive the agenda for the entire council.

This has been apparent to the RockTenn Council and all of its rank and file leaders for a long time. When one site accepted changes to its insurance program, pension plan or vacations, those changes would work their way through the entire system.

For example, after the first locals gave up Sunday premium pay, Smurfit and RockTenn systematically went through the entire system and eliminated it everywhere using the same model for everyone.

We saw similar strategies launched against our healthcare, pensions, 401(k) benefits and the like. By the time the rest of the locals learned what had happened, it was too late to turn back the cycle because each local was now bargaining for every local that had already accepted the change.

That left locals with little choice but to accept the same thing that every local before had accepted. The system was not only non-democratic – it was wrong. That is why everyone needs to be at the same table from the start. It was a vicious cycle.

We all understand that workers are stronger when we speak with one voice. We also know that labor agreements – and even labor relations – are better when everyone's voices are heard.

The recent negotiations where USW members from **ALL** RockTenn locations met with the highest ranking officials of the company represented a breakthrough of monumental proportion. While the deal is complicated, it will change bargaining dramatically.

The days of a single site setting the pattern for all of the others are over.

Moreover, the deal on the table is a good one.

- While the changes to our insurance program are complicated, the plan coverage is essentially the same coverage as employees currently have in their current PPOs, except that it changes the way deductibles and co-pays are structured. While the new plan has higher deductibles, it also pays first dollar coverage via a company funded health savings account. When the total cost of coverage is calculated, **a majority of our members and most families should save money**. In addition the changes should curb inflation on our premiums for years to come.
- The wage pattern **finally eliminates a long cycle of lump sums and wage freezes**.

- The agreement also **preserves the defined benefit pension plans** at sites that had them and **removes the 30 year service cap from many plans**.
- For 401(k) participants, the proposed contract **eliminates dollar caps** that were included in many agreements.

While we have retained the right to bargain locally, our new structure will protect local contracts from attacks on key benefits providing income and benefit security for nearly a decade – regardless of what happens in this uncertain economy.

After years of preparing and many late nights and early mornings at the bargaining table, our negotiating committee – **for the first time** – has reached tentative agreement with RockTenn on a corporate-wide master contract covering economic and security issues for all USW-represented employees at the company's mill and converter locations.

The process involved all 56 local unions and lays a historic and important foundation for us to have a stronger voice than ever at the bargaining table and in our workplaces.

While the offer is being recommended for the gains it makes in the economic arena and protection it provides at each local bargaining table, it does much more. It ends the practice of shutting out the voices and ideas of everyone and makes each local a part of determining their own future. While the vote is certainly about economics, it is perhaps more about our long term destiny and a better way of doing things.

These negotiations are very different from conventional local bargaining where we sometimes reject an offer in the hopes it may improve. This proposed Master Agreement is a one-time opportunity. If we reject this package, the convoluted process that has plagued us for decades will resume immediately.

Please review this summary of the proposed agreement carefully, attend and ask questions at your local union explanation meetings and cast your vote to ratify with confidence that we are indeed stronger when united in purpose – on the shop floor, in bargaining and throughout our communities.

In solidarity,

Leo W. Gerard
USW International President

Jon T. Geenen
USW International Vice President
USW RockTenn Council Chair

Daniel Flippo
USW District 9 Director
USW RockTenn Council Co-Chair

Leeann Foster
Assistant to the International President
USW RockTenn Council Secretary

SUMMARY

Master Agreement:

This proposed Master Agreement lays out key economic provisions governing the relationship between RockTenn and each local union covered by the agreement, including items such as general wage increases, health insurance, retirement and the other items summarized below.

All local collective bargaining agreements will continue until their respective expiration dates, and each local will need to negotiate a six-year local renewal agreement to address additional local issues that are important to them and not covered by this Master Agreement.

Not only does this Master Agreement set and protect the key economic and security items that have been discussed, but by virtue of this agreement the company also agrees not to use local bargaining to alter other key benefits – examples include vacation allotments, number of paid holidays and recall rights.

In this way, the Master Agreement improves the way we bargain key economic issues and further protects important local contract provisions as well.

Although certain items negotiated in this Master Agreement, such as general wage increases, will not go into effect at individual locations until renewal of the Local Contracts, we have reached an agreement with RockTenn to implement pension improvements, 401(k) improvements, increases in S&A and Life/AD&D insurance and the new USW-specific CCP-U health insurance plan on Jan. 1, 2015.

So, for example, even if your current Local Contract does not expire until 2016, the provisions mentioned above will apply next year.

Locations:

Paper Mills

Cincinnati, Ohio
Chattanooga, Tennessee
Dallas, Texas
Demopolis, Alabama
Eaton, Indiana
Fernandina Beach, Florida
Florence, South Carolina
Hodge, Louisiana
Hopewell, Virginia
Lynchburg, Virginia
Panama City, Florida
Seminole, Florida
(Missisquoi) Sheldon Springs, Vermont
St. Paul, Minnesota
Stevenson, Alabama
Stroudsburg, Pennsylvania
West Point, Virginia

Converting & Merchandising Display Facilities

Adams, Wisconsin
Atlanta (Lithonia), Georgia
Aurora, Illinois
Blue Springs, Missouri
Camillus, New York
Cincinnati (Blue Ash), Ohio
Clinton, Iowa
Columbus, Indiana
Dallas, Texas
Denver, Colorado
Eutaw, Alabama
Fargo, North Dakota
Fernandina Beach, Florida
Fresno, California
Fort Worth, Texas
Galesburg, Illinois
Germantown, Wisconsin
Glendale, Arizona
Hanover Park, Illinois
Highland, Illinois
Houston, Texas
Humboldt, Tennessee
Lancaster, Pennsylvania
Liberty, Missouri
Merced, California
Milwaukee, Wisconsin
Minneapolis, Minnesota
Mishawaka, Indiana
Muskogee, Oklahoma
Newark, New Jersey
North Tonawanda, New York
Philadelphia (Aston), Pennsylvania
Ravenna, Ohio
Richmond (Sandston), Virginia
Rochester, Minnesota
Rogers, Arkansas
Sioux City (North), Iowa
Sioux Falls, South Dakota
Syracuse (Camillus), New York
Winston-Salem, North Carolina

Term:

The term of the proposed Master Agreement is six years. This Master Agreement will apply to local unions with existing collective bargaining agreements that expire between Jan. 1, 2014 and Dec. 31, 2019.

Local contracts negotiated during the term of this Master Agreement will be known as "Renewal Contracts." This agreement sets the term of local Renewal Contracts at six years. There are still a small number of contracts that expired before Jan. 1, 2014 (Ravenna, Blue Ash, Mishawaka and Eaton). The Master Agreement will not apply to them until they have concluded the previous round of bargaining consistent with the terms of all of the other RockTenn locals, and efforts are ongoing to help conclude these in a positive manner.

The newly acquired Tacoma Mill will hold separate meetings to discuss a fair integration process into the RockTenn system.

Wages:

This Master Agreement brings with it the best overall wage pattern in decades and ensures that paper manufacturing and converting jobs at RockTenn will remain some of the best manufacturing jobs remaining in our whole economy.

The wage increases negotiated in the proposed Master Agreement will be effective upon renewal of your local Renewal Contract. This means that wage increases previously negotiated in local contracts will apply throughout the remaining term of those agreements. The rate schedule below shows the increases for your next Renewal Contract.

Table of General Wage Increases

Date	Wage Increase
Effective Date of Local Renewal Contract	2.0%
First Anniversary of Local Renewal	2.0%
Second Anniversary of Local Renewal	2.0%
Third Anniversary of Local Renewal	2.5%
Fourth Anniversary of Local Renewal	2.5%
Fifth Anniversary of Local Renewal	2.0%

The wage schedule above will be implemented when the parties conclude and ratify local agreements, even though most other improvements are implemented on Jan. 1, 2015.

New Hire Entry Rate and Training Rate Structure (Mills Only) – RockTenn management expressed a significant interest and pushed hard to revamp our entire wage system from top to bottom with new rates for mill new hires.

The union flatly rejected this as a bad idea. Rather we agreed that since so much foundational knowledge for papermaking is established early in an employee's career, our committee negotiated a standardized a "training rate" program that already exists in one form or other in a number of facilities. The Training Rate Program adheres strictly to the following principles:

- The "Training Rate Period" shall be limited to the first three years of employment.
- The Training Rate provision will become effective on Jan. 1, 2015.
- The rate of the entry level position in each plant will be excluded from wage increases in 2015 and 2016. But scheduled increases will apply to **ALL** other positions as indicated by the new master agreement.
- Employees will remain on the entry rate until they have moved into any classified job above the entry level rate.
- For the first three years of employment, employees shall be paid 90% of the rate of the job they are performing, including the annual increases. After three years of employment, all employees shall receive 100% of the rate for the job they are performing.
- The Training Rate will not apply at any time to any employee hired before Jan. 1, 2015.
- The Training Rate does not apply to maintenance mechanical trades, or E/I Technicians.

Active Medical:

One of the most difficult issues unions and employers face in bargaining today is the ever-increasing cost of health care and the uncertainties around issues such as the proposed future excise taxes on high cost health care plans.

When we entered bargaining, our objective was twofold:

1. Any changes to the healthcare plan must ensure that our members have broad access to quality benefits; and
2. When the total aggregate costs of healthcare are calculated, those costs must be substantially comparable to the current costs; while covering the same types of illnesses, accidents and injuries and offer wellness features.

In the past, we had been reluctant to endorse higher-deductible plans because it was nothing more than a cost shift to employees. Over the past three years, however, our union has assigned experts to explore options that would help reign in out-of-control medical inflation and keep the overall cost of care reasonable for workers and their families.

Using actuarial data, we found that if we could offset the higher deductibles in the latest plans with guaranteed annual employer contributions via portable health savings accounts (HSAs) and significant one-time seed money for our members we could create a plan that would:

1. Ensure that employees would not be deterred from seeking treatment; and
2. Ensure that a good number of employees would actually receive a cost reduction, and even those who have significant health problems would likely not pay more.

With that said, there are scenarios where certain individuals and families could pay more-but even these are offset by a 10% reduction in employee coinsurance from 80/20 to 90/10.

Under this Master Agreement, effective Jan. 1, 2015, all locations will be offered the NEW CCP-U Healthcare Plan in place of the multiple PPO plans currently offered.

This proposed Master Agreement gives us the opportunity to bargain together for one plan that is essentially the same in structure and out of pocket expense as our PPOs with important economic benefits not available in PPO arrangements.

This plan is unique within RockTenn. In many ways, it is comparable to the company CCP plans; with some key differences. One big difference is first-dollar pretax money from the company available to employees in mid-January each year to use tax-free for medical expenses instead of facing a deductible at the beginning of the year that the employee must pay for with their own after-tax money.

It is also important to note that certain kinds of preventive care and other items are not subject to deductibles or co-pays at all. Well baby care, colonoscopies, mammograms, immunizations, flu shots, etc. are paid 100% by the company and are not subject to deductibles or co-pays.

In addition, as a result of legislative changes, if you opt out of coverage, you must be permitted back in the plan on the same rate structure as everyone else regardless of preexisting conditions. Under the same law your children may remain on your plan until they are 26. These improvements and the associated costs are included with the premium.

For all intents and purposes the CCP-U plan operates the very same way that your PPO does. The differences can be found in four categories: Health Savings Accounts, deductibles, co-pays and coinsurance.

Health Savings Accounts: RockTenn will establish a Health Savings Account (HSA) for each participating employee. The HSA will contain tax-free money contributed by the company each year. For 2015, this will be $500 if you elect single coverage and $1,000 if you elect any other tier of coverage (for subsequent years under this agreement, this contribution will be the higher of $500/$1,000 or 38% of the deductible) that will be used to cover deductibles, co-pays and out-of-pocket expenses.

These company contributions are never taxable income, either when the company makes the contribution or when the employee withdraws the money, provided it is used to pay medical expenses.

In addition, employees can contribute additional money to these accounts through payroll deduction on a pretax basis up to a combined amount (employee plus employer contributions) of $3,350 for single coverage and $6,650 for family coverage. (These limits are for 2015 and are expected to increase annually.)

HSA money is held in an FDIC-insured bank account and belongs to the employee. The company cannot take money out of this account, and the account stays with the employee even after leaving the company, whether through retirement, termination or other means.

Unused amounts remaining in the HSA at year end roll over to the following year. Additionally, HSA balances in excess of $2,000 can be invested in much the same way as 401(k) account balances – again, all on a tax-free basis.

The balances follow the employee into retirement to be used on healthcare premiums and other medical expenses.

Co-pays: Unlike the various current PPO plans that had co-pays for office visits, prescription drugs and other services, under the CCP-U, the full insurance-adjusted cost of such services is paid first out of the HSA, then by the employee until the annual deductible is reached; then through the plan coinsurance of 90% by the plan and 10% by the employee until the annual out-of-pocket maximum is reached.

Under the old plans, co-pays did not apply toward the annual deductible or the out-of-pocket maximum, and the employee would continue to pay them even after reaching the annual out-of-pocket maximum.

Please see document “Participants Guide to the CCP-U Plan” as part of the ratification package.

Deductibles: The deductibles under the CCP-U Plan are equal to the minimums that the IRS sets to allow for pretax HSA contributions. Although these new deductibles appear to be much higher than under the old PPO plans, the company HSA contributions and one time seed money significantly reduce the “Effective Deductible.”

NOTE: The above and all other examples of deductibles and out-of-pocket maximums in this summary relate to in-network coverages. Going out of network entails higher deductibles and out-of-pocket maximums.

Effective Deductibles – The Single Coverage deductible under the CCP-U Plan is $1,300, but because the company-deposited $500 in the HSA can be used before employees are required to contribute any of their own money, the effective deductible would be $1,300 minus the $500 HSA contribution, or $800.

In the first year, the deductible is even less because of a one-time "transition payment" to the HSA to help ensure that an employee does not end up in the hole. That one-time payment of an additional $650 (for Single Coverage) further reduces the first year's effective deductible to $150, which is unheard-of in modern health care.

For other enrollment tiers (Employee + Spouse, Employee + Children or Family), the CCP-U plan deductible is $2,600, but because the company's automatic $1,000 contribution into the HSA offsets the overall deductible, the effective deductible is $1,600. That deductible will also be further offset by the one-time "transition" contribution of an additional $1,300 to each enrolled employee, effectively leaving a deductible of $300.

Further reducing the effective deductible is that premiums under the CCP-U are lower than under the current PPO plans and expected to grow less quickly than the PPO premiums would have. These additional savings further offset the CCP-U deductibles and can be deposited into the employee's HSA account through tax-free paycheck deductions.

Under the CCP-U Plan, there are not individual deductibles for each family member. Rather, the entire amount of the deductible must be met before coinsurance applies, even if only one family member uses the benefit.

We believe that lower premiums, expected lower inflation, the annual HSA contributions and the one transition payment will result in overall lower costs for most employees.

Out-of-Pocket Maximums (OOP Maximum): Just as with the deductibles, the Effective OOP Maximums under the proposed CCP-U plan are reduced by the company annual HSA contributions and employee contributions.

Accordingly in 2015, the OOP Maximum of $2,500 for single coverage is reduced to an Effective OOP Maximum of $2,000 by the company's $500 HSA contribution and the $5,000 OOP Maximum for all other tiers is reduced to an Effective OOP Maximum of $4,000 by the company's $1,000 HSA Contribution.

These Effective OOP Maximums mirror most OOP Maximums in the PPO plans across the RockTenn System and in some cases are less. Similarly, like the deductibles, there are not separate OOP Maximums for individual family members, but the larger HSA contribution applies.

Annual HSA Contributions: For 2015, the company's annual HSA contribution will be $500 for those electing single coverage and $1,000 for those electing all other tiers of coverage. In each year thereafter, the company's annual contribution will be 38% of the annual deductible.

The RockTenn Union Bargaining Committee negotiated this specifically because the amount set by the IRS for the overall deductible to allow for tax-free contributions to the HSA may increase

slightly ($50 to $100 in any year depending on tier coverage), so a percentage employer contribution rather than just a hard dollar amount offsets these slight IRS increases.

This far exceeds the company contribution to salaried and non-union employee HSA accounts, which equal only 25% of the deductible.

One Time Additional Transition Assistance in 2015 or "Seed Money": In order to ease the transition to the CCP-U Plan, the committee negotiated a one-time special additional HSA contribution for 2015 of $650 for those who elect single coverage and $1,300 for those who elect all other tiers of coverage (see examples above).

This contribution is ***in addition*** to the $500 or $1,000 annual contribution for 2015, so the company will deposit a **total** of $1,150 into the HSA account of each employee electing single coverage and a **total** of $2,300 for those electing any other form of coverage.

Just like the annual contributions, these transition adjustment contributions are non-taxable amounts that will effectively reduce deductibles and out-of-pocket payments, with any amounts not used rolling over to the following year.

So for 2015, the additional one time seed money will reduce the effective deductible for single coverage to $150 and for all other tiers to $300. The effective OOPMs will be reduced to $1,350 and $2,700 respectively.

The committee worked hard to extract this additional seed money from the company for two important reasons:

(1) Transitions to these plans can create a large differential between previous plans and the new plan, that over time, history shows are closed by depositing their premium savings over the course of the year into their HSA, however, during that year the member could be exposed if a catastrophic event were to occur.

The committee felt strongly that the member should be protected from this exposure immediately and that RockTenn, not the member, should have to pay for this protection as part of the transition to the new plan. This means that instead of the member closing their deductible over the course of the year while they deposit their premium savings into the

HSA, this extra money from the company will be there immediately to assist in emergency;

(2) In cases where the effective deductible after the annual premium savings for certain tiers of coverage is still somewhat higher than the deductible under the current plan, this seed money can cover several years of the higher deductible.

If unused, these additional monies can rollover from year to year and allow a member to enjoy an HSA that covers their OOP Maximums completely.

In addition, through the annual company HSA contribution, the additional one-time seed money and depositing premium savings into their HSA through payroll deductions, the member will have the opportunity to completely close their deductible and in some cases meet their out-of-pocket maximum with their HSA monies in 2016 with tax free money. This opportunity is simply unavailable with PPO plans.

It is also important to note that members are not required to cover their medical and drug expenses with HSA money. Members can instead choose to cover expenses out of their own pocket, allowing for more HSA rollover from year to year. Either type of payment will count towards the annual deductible and OOP Maximums.

Under IRS regulations, some individuals may not be able have an HSA plan because they are also covered by another health plan that is not a high deductible plan or they may be covered by Social Security and Medicare Part A Benefits.

In that case, the company's annual HSA contribution will be deposited into a health reimbursement arrangement (HRA), which will be available for employees to use for medical expenses and roll over from year to year, but will not be portable upon termination.

Coinsurance: Some of the previous PPOs had 20% coinsurance, and some had 10% coinsurance. With the CCP-U plan, the coinsurance will continue to cover healthcare expenses after the

deductible is met, but we locked in that the company will pay 90% of all claims incurred after the deductible and the employee 10% up to the OOP Maximum.

Prescription Drugs: Under the CCP-U plan, prescription drugs are treated just like other medical products or services, and therefore the OOP Maximums apply to drug costs. The full insurance-adjusted cost of prescription drugs is paid first out of the HSA (at the member's choice) then by the employee until the annual deductible is reached; then the coinsurance of 90% by the company and 10% by the employee until the annual out-of-pocket maximum is reached.

After that, prescription drugs will come at no cost.

This is in stark contrast to a PPO plan where costly drug co-pays can continue to accrue even if the plan OOP Maximum is reached, and those drug co-pays do not count towards deductibles or OOP Maximums.

A significant exception to the deductible applying first that the bargaining committee fought hard for is generic preventive medications. Employees taking medications included on the list of generic preventive medications provided by the company's pharmacy benefit manager immediately pay the 10% coinsurance with no deductible.

This coinsurance can be paid out of the HSA or the member's pocket and applies toward the deductible and OOP Maximums. There are no other separate deductibles or out-of-pocket maximums for prescriptions drugs. All medical and prescription drug costs count towards the one combined deductible and out-of-pocket maximum.

Premiums and Cost Sharing:

For 2015, the premiums for each tier of coverage shall be as follows:

Rock-Tenn CCP-U Plan 2015 Employee Monthly Premiums			
Single	**Employee + Spouse**	**Employee + Child(ren)**	**Family**
$79.46	$190.69	$143.02	$266.18

For 2015, the employee share of medical/Rx insurance is 17.5%. This will increase to 18.5% in 2016 and 19.5% in 2017. If medical/Rx inflation is such that the employee share would be above 20% for 2018 and/or 2019, the company and the union will meet to determine plan design changes to limit the employee share to no more than 20%.

The company and the union will also meet to determine changes in plan design should the CCP-U be subject to excise taxes or similar fees under the Affordable Care Act. This means the company spent money on our economic package rather than paying fees to the government.

Summary Table of Health Insurance Benefits	
	CCP-U Plan - 2015
Company Contribution to HSA*	$500/$1,000
Deductible **	$1,300/$2,600
Employee Deductible after HSA "Effective Deductible"	$800/$1,600
Out of Pocket Maximum **	$2,500/$5,000
Employee Out of Pocket Maximum after HSA "Effective Out of Pocket Maximum"	$2,000/$4,000
Lifetime Maximum paid by Plan	Unlimited
Coinsurance	Company pays 90% after deducible has been met
Office Visits	Company pays 90% after deducible has been met
Preventive Care	Company pays 100%, no deductible
Emergency Room Co Pay	Company pays 90% after deducible has been met
Hospital Inpatient	Company pays 90% after deducible has been met
Prescription Drugs – Retail	Employee can use HSA contribution
Generic	Preventive Drug List - Company pays 90%, no deductible; all others 90% after deducible
Brand	Company pays 90% after deducible has been met (employee's portion counts toward deductible and OOP Max)
Prescription Drugs -- Mail Order	Employee can use HSA contribution
Generic	Preventive Drug List - Company pays 90%, no deductible; all others 90% after deducible
Brand	Company pays 90% after deducible has been met (employee's portion counts toward deductible and OOP Max)
Notes:	HSA funded annually during first two weeks of January - owned 100% by employee even at termination or retirement
* After 2015, Company annual HSA contribution will be the higher of $500 / $1,000 or 38% of deductible. ** Deductibles and OOP Maximums may vary if necessary to maintain IRS Health Savings Account eligibility 2015 additional one-time co. HSA "seed" of $650 / $1,300 for a total 2015 Employer HSA contribution of $1,150 / $2,300. Above illustrations are for in-network benefits only. This is a summary only. Details are found in the Summary Plan Description.	

Spousal Coverage Surcharge: Over the past several years, RockTenn has been systematically implementing a spousal surcharge. In some cases it has far exceeded $90. Through the proposed Master Agreement, we were able to cap, and in some cases roll back the surcharge (which now exists in most companies) to a flat $90 with a single $10 increase in 2017. It is important to understand that the charge is **NOT** automatic.

But it does apply in cases where a RockTenn employee's working spouse declines available coverage from that spouse's employer and instead chooses to be covered as primary by RockTenn.

The surcharge does not apply at all under the following conditions:

1) The spouse's employer does not offer medical coverage;
2) The spouse is not eligible for medical coverage at his/her place of employment (for example because s/he only works part-time);
3) The spouse is self-employed and has no medical coverage;
4) The spouse is not employed;
5) The spouse is enrolled in other medical coverage with another employer and only enrolls in RockTenn coverage as secondary coverage; or
6) The spouse is a RockTenn or RTS Packaging employee.

Accordingly, paying the spousal surcharge will be relatively rare. Spouses should enroll in their employer's coverage as primary (the spousal employer's plan will pay costs first) and if they feel it is necessary, enroll in RockTenn coverage as secondary (the RockTenn plan will come in after to pay what the spousal coverage does not pay up to its coverage amounts) to avoid the spousal surcharge cost. The $90 surcharge will be effective Jan. 1, 2015 at all locations covered by the Master Agreement and will increase to $100 effective Jan. 1, 2017.

Wellness Initiatives: A part of the key to overall control of medical costs is tied to disease control and prevention. The union has ensured that these efforts completely protect the privacy of our members and is supportive of this program, not simply because it may hold down **OUR** costs in the future, but from experience, we also know it can save lives – which is more important than anything else.

Beginning Jan. 1, 2016, the annual employee premium contribution to the CPP-U will increase $600 ($50 per month or $11.54 per weekly paycheck). By participating in Wellness Initiatives through RedBrick Health, employees can reduce their premium back to the base amount before the $50 per month increase.

Participation in the Wellness Program will begin Sept. 16, 2015 so that wellness points earned in the last quarter of 2015 will apply to the next quarter. As long as an employee participates in the Wellness Program and scores 150 points per quarter, they will not see the $50 increase in their next quarter's paycheck and so on.

Simply taking a few minutes to complete an annual confidential HIPPA protected "Wellness Assessment" will earn 40 points. Completing a "biometric screening" (a fancy way of saying

having your height, weight, waist measurement, blood pressure and blood test taken) will earn 55 points.

Tracking physical activities can earn up to 90 points a quarter, so tracking your physical activity at work, walking the dog or doing housekeeping can earn you points. Being a non-smoker or enrolling in a tobacco cessation program can reduce premiums by up to 40 points per quarter.

There are many other exercise and health education programs that will also reduce premiums. See the RedBrick Health handout information and even more details will be available during open enrollment. The program is also available to spouses, but they are not eligible to earn incentives.

The company may increase the amount of this premium add-on, but only if (a) it increases the amount that can be earned back via Wellness Initiatives by an equal amount and (b) it makes the same increases for salaried and non-union hourly employees.

Employees who do not elect coverage under the RockTenn sponsored insurance plan will also be able to earn Wellness Incentives, but such amount will be limited to $150 each year.

Dental Insurance: Effective Jan. 1, 2015, the company will offer the Traditional and Traditional Plus 2 plans. The company may change the benefits under the plans annually so long as the adjustments are equal to the salaried/non-union plans.

At facilities that have previously negotiated cost sharing at less than 50% for 2015, the company will pay 60% of the cost of the premium of the Traditional Plan in 2015, regardless of which plan the employee chooses. For all other facilities for 2015 and for all facilities in 2016 and beyond, the company will pay an amount equal to 50% of the premium of the Traditional Plan regardless of which plan the employee chooses.

See Appendix A for plan details.

Retirement:

Defined Benefit Pension Plan Improvements: We work, at least in part, to know that one day we can retire with some dignity and a comfortable lifestyle. Many companies are assailing our defined benefit plans (DB) and even 401(k) and other savings plans.

In these negotiations your committee was able not only to preserve the DB Plans where they exist (including for new hires) but to improve them despite the fact that RockTenn is still facing a $1.2 billion deficit that is largely a leftover from the Smurfit Stone bankruptcy.

It is important to note that the continuation of the DB by RockTenn is no small commitment on the company's part. Companies face enormous pressure from Wall Street and shareholders to shed these plans. The commitment to fund the enormous deficit says a lot.

In addition, the company agreed to improvements as follows:

For those facilities with a defined benefit pension plan, effective Jan. 1, 2015, the multiplier will increase by $1.50. An additional $1.50 multiplier increase will occur on Jan. 1, 2017. These

multiplier increases are in addition to any previously negotiated increases in existing local CBAs that have not yet taken place.

Today, many of our brothers and sisters continue working well beyond 30 years of service, so in addition to the meaningful multiplier increases described above, we have eliminated the 30-year pension service caps at the many locations that currently have them.

401(k) Match: Former Smurfit-Stone Container Corp. plants that have annual dollar caps on the company 401(k) match will have those caps removed. Effective Jan. 1, 2015, the company will match 50% of employee contributions up to 6% of regular pay, up to forty hours of regular pay per week. New hires will become eligible for 401(k) participation and matching after 90 days of employment.

PIUMPF Pension Plan: The parties have agreed to a replacement retirement plan for PIUMPF participants if the company withdraws from PIUMPF. A limited number of sites participate in this plan. The company is exploring a possible expeditious withdrawal.

Upon withdrawal from PIUMPF, RockTenn agrees to establish a <u>future</u> service benefit in a company-sponsored pension plan equal to the PIUMPF multiplier. In effect this means that those with PIUMPF retirement will receive two checks upon retirement, one from PIUMPF and one from the company.

In addition, if the company withdraws from PIUMPF, it will provide a past and future service benefit multiplier equal to and effective upon the same dates as the two $1.50 multiplier improvements granted to current RockTenn defined benefit pension plan participants described above.

This means that an employee will not lose increases to the multiplier for past service with PIUMPF provided by this Master Agreement. If the withdrawal is not concluded before the end of the year, the increases will be scheduled at that time.

For the Glendale location, upon withdrawal from PIUMPF, the future service multiplier shall be adjusted to $36.25, and Glendale members shall also receive the two $1.50 multiplier improvements upon the schedule described above.

NOTE: Should a withdrawal from PIUMPF include a transfer of the liabilities of active employees, the company and the union shall meet to determine a different treatment with respect to employees currently in PIUMPF.

Short-Term Disability/Life ADD

In most master agreements, rather than have to negotiate short-term disability and life/add in each agreement, we have been attempting to tie the increases to employee wages so that these amounts automatically increase as wages rise. In no case will this result in a benefit reduction, and eventually these auto increases will keep pace with rising wages.

Short-Term Disability Insurance: Effective Jan. 1, 2015 and each Jan. 1st thereafter for the term of the proposed Master Agreement, weekly STD insurance for each location shall increase $10 to a maximum of 50% of the location's weighted average base weekly wage.

For each year, the average base weekly wage will be calculated using the prior July 1 wage rates. Locations which currently have an STD benefit greater than 50% of the location weighted average base wage shall not have the benefit reduced. The Merced, Newark and Syracuse locations will continue in their existing STD plans.

Life Insurance and AD&D: Effective Jan. 1, 2015 and each Jan. 1st thereafter for the term of the proposed Master Agreement, Life and AD&D coverage for each location shall increase $1,000 to a maximum of 100% of the location's weighted average base wage.

For each year, the average base wage will be calculated using the prior July 1 wage rates. Locations which currently have a benefit greater than 100% of the location weighted average base wage shall not have the benefit reduced.

Exceptions to this are as follows: The benefit for Hopewell employees hired before Aug. 1, 1979 will remain at $52,000. Hodge employees hired before July 1, 1977 will continue coverage at two times pay. Florence fire brigade employees will keep their two times benefit.

Retiree Medical Insurance:

The company will continue its past practice of paying $1,000 to buy out retiree medical insurance to each eligible participant whose age plus years of service adds up to at least 70 as of Dec. 31, 2014, the effective date of the buyout.

This does not impact those locations that have previously negotiated a buyout of retiree medical insurance or whose current local CBAs include such a buyout.

Retiree Life Insurance:

The company will continue its past practice of paying $200 to buy out retiree life insurance to each eligible participant whose age plus years of service adds to at least 70 as of December 31, 2014, the effective date of the buyout.

This does not impact those locations that have previously negotiated a buyout of retiree life insurance or whose current local CBAs include such a buyout.

Miscellaneous Health and Welfare Items:

Effective Jan. 1, 2015 the following items will apply to locations where they do not already apply:

1) All eligibility waiting periods for health and welfare benefits for periods of 2 months or less (including 60 days) will be 2 months.
2) All locations shall be eligible for the standard company Vision, EAP, Voluntary Life and Flexible Spending Accounts.
3) If an employee is disabled they shall be able to continue medical, dental, life and vision for remainder of month the disability begins plus 12 months at active employee rates.
4) Payments for benefit continuation for any reason will be per company administrative procedures and subject to change.

Severance:

Employees will earn one week of severance pay per year of service up to a maximum of twenty weeks. Any severance payment will be offset by unemployment benefits. This formula will become effective Jan. 1, 2015.

West Point will retain the severance benefit in its current local CBA.

Substance Abuse Policy:

In the course of the week spent bargaining with the company, members of your committee brought it to the attention of RockTenn management that the company's substance abuse testing policy has not been applied equally at all locations and as between union members and salaried employees.

As a condition of ratification the union demanded a policy that was administered the same way for hourly and salaried employees alike. As a result of this discussion we came to the following agreements:

- The company will test no more than 20% of any worksite, no more than three times annually.
- The 20% applies separately to both hourly and salaried employees at each site.
- The policy will be standardized on January 1, 2015
- It will be uniformly administered by Aegis, using the exact same protocol for hourly and salaried-including notification, etc.
- The threshold levels will not be established or applied by RockTenn but rather by Aegis using standard and normal levels established by experts.
- While the plan includes a provision for discipline up to and including discharge for violations of the policy-it also establishes that testing above threshold levels establishes just cause for termination. That means that while termination is not automatic-it is almost certain and difficult to overturn under the policy.
- The plan does provide for treatment, however ONLY if an employee seeks help prior to testing positive or being selected for a test.

Successorship:

Effective Jan. 1, 2015, industry standard successorship language, already contained in some of our local CBAs through patterns achieved with legacy companies will be extended to those local agreements that do not yet include it.

The former Smurfit Stone facilities know the value of this language. Their previous employer was purchased by RockTenn and because this language was negotiated as part of a pattern agreement, the purchase was consummated without interruption to their jobs or union contracts.

Health & Safety:

During the course of bargaining, the USW commended RockTenn on its concern for and approach to the safety of our members. Neither the company nor the USW, however, are content to rest on past records or accept that safety cannot be further improved. Toward that end, the union and the company have agreed that senior safety leaders in both organizations will meet and select a safety project to be mutually implemented.

Provisions Limited to the Following Sites with Automatic Saturday & Sunday Premium Pay:

Eaton, Indiana; Eutaw, Alabama; Dallas, Texas; Demopolis, Alabama; Galesburg, Illinois; Highland, Illinois; Lancaster, Pennsylvania; Lynchburg, Virginia; Newark, New Jersey; St. Paul, Minnesota

Since the early 1980's the industry, through its version of pattern bargaining has been systematically moving from site to site "buying out" automatic time and a half on Saturday; and double time on Sunday or holidays, and eliminating overtime pyramiding.

The most recent bargaining history has established the following precedent for transitioning away from certain automatic premiums, and the company has proposed the same for the remaining sites.

Specifically, this change will result in the elimination of time-and-a-half or double-time for working on Saturdays or Sundays where it is paid automatically without regard to how many hours have been worked in the same payroll work week.

Said another way, the change will mean that overtime premium will not be paid for working on Saturday and Sunday just because it is a Saturday or Sunday, but time-and-a-half will occur when an employee exceeds forty (40) hours in a payroll week.

Additionally, elimination of such "special" premium pay provisions will mean that overtime will not be calculated on more than one basis, and there will be no pyramiding of overtime. This means that if during the week, an employee works 12 hours on Monday and receives 4 hours at time-and-a-half, the 4 hours that time-and-a-half had already been paid on will not be counted again in the computation of overtime.

However, *where currently provided* in contracts, the company will continue to pay time-and-one-half (or double time where applicable) for working over eight consecutive hours on 8 hour shifts, or after 12 consecutive in a work period.

In keeping with the practice the company has established in the most recent round of local bargaining, RockTenn has agreed to offer the few remaining locations with "special" premium pay provisions the option to retain such provisions for up to four years from the expiration of their current contracts or eliminate them at the beginning of their Renewal Contracts with a cash payout.

The payouts are based on a site-by-site calculation of the actual value of the affected premiums, multiplied by a factor of four (4) representing the value of the described premiums over the first four years of a labor agreement.

Buy-out options are:

- 75% of the overall four year calculated value of the above premiums in a single upfront payment divided by the entire population of the bargaining unit; or
- 100% of the overall calculated value of the above premiums in four annual installments; or
- Retain the premium pays mentioned above for a 4 year period of time; or
- A bargaining unit can elect to move to eliminate premium and opt for a buyout in any year of the first four years of the agreement, but the payout would be reduced 25% for each year that in the four years that the above premiums were retained.

CONCLUSION

What is the logic for recommending ratification?

RockTenn is not only one of the biggest paper companies in North America. It is one of the largest employers in the USW.

Our group is also a diverse group consisting of sites and members from a number of the 50-some legacy companies that make up the new RockTenn. While we come from diverse backgrounds, we share common values around work, wages, benefits and compensation.

This agreement received unprecedented and near unanimous support from its 110 person bargaining committee for several reasons:

1) It represents progress. It preserves and improves wages and key benefits and creatively addresses difficult bargaining issues like healthcare.
2) It ends the cycle of the first local union in bargaining setting a pattern for the entire system.
3) But moreover, there is no doubt that if we return to local bargaining, where the most senior company officials are distant and insulated from the process, our members will not do better – they will do worse.

Recommendations are not built around the idea of whether we got everything we wanted. They are built around the question of whether we got everything we could. And in this deal your committee is confident that this is true.

The consensus of the committee is clear. We got everything we could, and certainly more than the company wanted to give us. We dramatically altered a process and a vicious cycle that for most of a quarter century has left most locals disenfranchised and without a voice.

Ratification of this deal not only means long term certainty for our members, but hope for an even better future. Rejection, on the other hand, means that we will revert to the same failed experiment – of which we already know the results. That is why the committee feels so strongly about this deal.

Good luck—together we will move RockTenn and the union forward.

Appendix A – Dental

2015 Dental Plans

	Traditional Plan In-Network		NEW Traditional Plus Plan In-Network	
General Plan Information				
Annual Deductible (Individual)	$50 each person		$50 each person	
Annual Deductible (Family)	N/A		N/A	
Deductible Waived - Diagnostic & Preventive	Yes		Yes	
Deductible Waived - Orthodontics	Yes		Yes	
Annual Maximum Per Person	$1,000		$2,000	
Lifetime Orthodontic Maximum Per Person	$1,000		$2,000	
Professional				
Diagnostic & Preventive	100%		100%	
Basic Restorative	80%		80%	
Major Restorative	50%		50%	
Orthodontics				
Orthodontics	50%		50%	
Orthodontic Covers	Dependent Children Only		Adults & Dependent Children	
2015 Total Premium	**Total Monthly Premium**	**Employee Monthly/Weekly**	**Total Monthly Premium**	**Employee Monthly/Weekly**
Employee	$24.70	$12.35 / $2.85	$34.29	$21.94 / $5.06
Employee + Spouse	$51.78	$25.89 / $5.97	$70.67	$44.78 / $10.33
Employee +Child(ren)	$53.92	$26.96 / $6.22	$74.99	$48.03 / $11.08
Family	$87.19	$43.59 / $10.06	$120.85	$77.26 / $17.83

Above summaries are for in-network benefits only. This is a summary only. Full and complete details are found in the Summary Plan Description.

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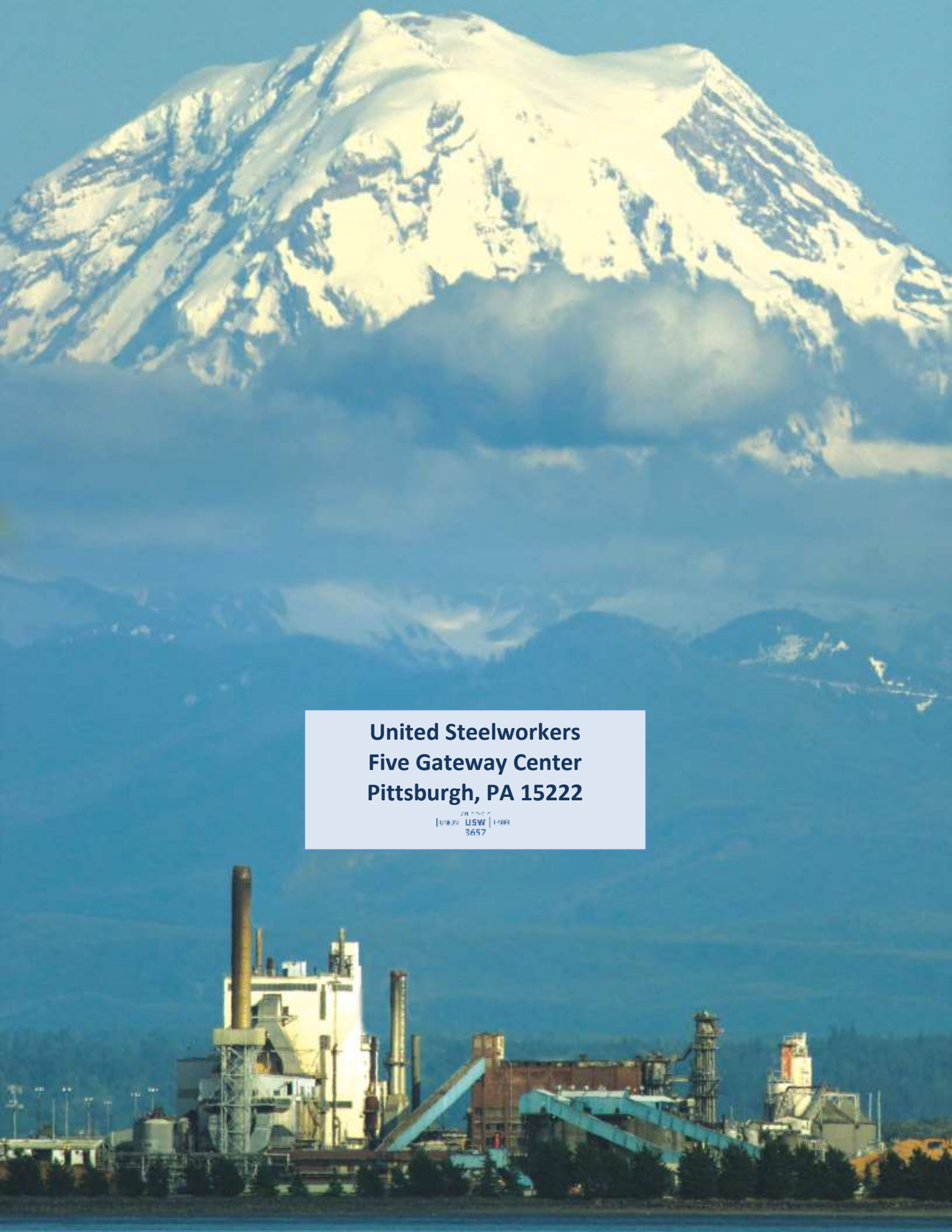

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