

## FOURTH SECTION 1113 PROPOSAL

April 10, 2013

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TAB A

PROPOSED CHANGES TO LABOR AGREEMENTS\*  
BETWEEN THE  
UNITED MINE WORKERS OF AMERICA  
AND  
HERITAGE COAL COMPANY, LLC  
EASTERN ASSOCIATED COAL, LLC  
APOGEE COAL COMPANY, LLC  
HOBET MINING, LLC

**Revised April 10, 2013**

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\* Subject to certain Memoranda of Understanding, each of these companies is signatory to a “me-too” agreement which adopts the provisions of the National Bituminous Coal Wage Agreement of 2011.

## **2011 COAL WAGE AGREEMENT PROPOSALS**

Apogee Coal Company, LLC  
Eastern Associated Coal, LLC  
Heritage Coal Company, LLC  
Hobet Mining, LLC

**Revised April 10, 2013**

As of June 1, 2013, the provisions of each company's current Coal Wage Agreement would continue unchanged, except as provided below.

### **Article I. Enabling Clause**

1. Modify to limit application of the contract to the geographic boundaries of the operation, as provided in the Gateway Agreements. Include a description of the boundaries of the mine and related reserves that are covered by the Agreement.
2. The language in the current 2011 Coal Wage Agreement which states "...operations covered by this Agreement shall not be sold, conveyed, or otherwise transferred or assigned to any successor without first securing the agreement of the successor to assume the Employer's obligations under this Agreement" will continue unchanged, and is included as part of this Proposal. It is not the intent of this 1113 Proposal to eliminate successorship as currently provided in these contracts.

### **Article IA. Scope and Coverage**

1. Modify Section (c), which limits supervisors from performing classified work, to provide that supervisors may perform work of a classified nature so long as it does not exceed one hour during a shift.
2. Modify Section (f) to provide that the Employer agrees to apply this Proposed Agreement to any mine or coal producing facility operated by the Employer upon the UMWA's recognition, certification, or otherwise properly obtaining bargaining rights, and the Union agrees that it will offer to sign this Agreement with any Article IIB Lessee-Licensee of the Employer upon the UMWA's recognition, certification, or otherwise properly having obtained bargaining rights for the Lessee-Licensee's employees. Notwithstanding the forgoing, the terms of the Agreement shall be applied without evidence of the Union's representation of the Employees involved to any relocation of an operation already covered by the terms of the Agreement
3. Further modify Section (f) to provide that, upon the UMWA's properly obtaining bargaining rights, the Employer agrees to recognize the union at the Flying Eagle mine, the Buck Fork mine, the Huff Creek Surface mine, and the Buffalo Mountain mine, if and when such mines begin the production of coal, subject to all provisions contained in this 1113 Proposal. The Employer and the UMWA will mutually agree upon an expedited and streamlined process for the Union to seek such bargaining rights. Upon recognition of the union, the union agrees that it will offer to sign this 1113 Proposal at any of the above listed mines

4. Modify Section (g) (contracting and subcontracting), which limits the use of virtually any contractors on the jobsite, to provide that non-bargaining unit workers can be used to (i) provide fill-ins for temporary vacancies, (ii) perform short term projects, (iii) perform repair and maintenance work, and (iv) perform any and all work at closed operations.
5. Modify Section (g) to also eliminate requirements that the employer must not have available equipment or regular Employees (including laid-off Employees) with necessary skills available to perform the work before non-bargaining unit workers may be utilized (i.e., eliminate any “Double Back” requirement).
6. Modify Section (i) (construction work) to clarify that all construction work can be contracted out, without regard to whether it may have been performed by classified Employees in the past.

## **Article II. Job Opportunity and Benefit Security**

1. Modify Article II by deleting all sections of Article II except the sections entitled “A. Non-Signatory Operations of the Signatory Employer,” “B. Lessee-Licensee” and D-2. Exhaustion of Employer Panel, subject to the following amendments.
2. Modify A. Non-Signatory Operations of the Signatory Employer, Paragraph 2 to provide that selection of the 3 of 5 Employees to receive job offers shall be based on demonstrated ability to perform the work of the job at the time it is awarded (including possession of required certifications and required training), and satisfaction of such other hiring standards, qualifications, and tests as the Employer applies uniformly in its normal staffing practices. Seniority shall be considered, but need not be the determining factor in the Employer’s decision to offer employment to any classified laid-off Employee on the Employer’s panels of the Employer’s operations covered by this Agreement.
3. Modify A. Non-Signatory Operations of the Signatory Employer, Paragraph 6, to provide that any disputes that arise under this Section shall be resolved through the normal UMWA grievance procedure, as set forth elsewhere in this 1113 Proposal.
4. Modify B. Lessee-Licensee, Paragraph 2 to provide that leasing, subleasing, or licensing out of such lands or operations shall be permitted where the lessee-licensee agrees in writing that 3 of every 5 offers of employment by such lessee-licensee shall first be made to the Employer’s classified laid-off Employees on the Employer’s panels of the Employer’s operations covered by this Agreement, if such employment at the leased, subleased or licensed out location is for a job of the nature covered by the Agreement.
5. Modify B. Lessee-Licensee, Paragraph 3 to include that selections of the 3 out of 5 Employees to receive job offers may be based on demonstrated ability to perform the work of the job at the time it is awarded (including possession of required certifications and required training), and satisfaction of such other hiring standards, qualifications, and tests as the Employer applies uniformly in its normal staffing practices. Seniority shall be considered, but need not be the determining factor in the Lessee-Licensee’s decision to offer employment to any classified laid-off Employee on the Employer’s panels of the Employer’s operations covered by this Agreement.

6. Modify B. Lessee-Licensee, Paragraph 5 to provide that any disputes that arise under this Article shall be resolved through the normal UMWA grievance procedure, as set forth elsewhere in this 1113 Proposal.

### **Article III. Health and Safety**

1. Modify Section (m) (safety equipment and protective clothing allowance) to provide that the employer may provide uniforms in lieu of paying the annual clothing allowance required under the current Agreement.

### **Article IV. Wages and Hours**

1. Section (a) requires overtime be paid after 8 hours in a day, and in some cases after 7¼ hours. Section (e) requires double time rates for overtime on Saturday, and Sunday work and triple time rates for work on holidays. Modify this Article as necessary to provide that all overtime will be paid at time and one half, and only for hours actually worked beyond 40 hours during a week, including work beyond 40 hours in the week which occurs on Saturdays, Sundays and holidays (i.e., eliminate all references to premium pay). Amend all provisions of the Agreement to conform to this change.
2. Adjust current 2013 Underground and Deep Mine Standard Hourly Wage Rates to the wage rates in effect as of December 31, 2012
3. Modify current Hourly Wage Rates at Strip and Auger Mines (Surface Mines) and for Preparation Plants and Other Surface Facilities for Deep and Surface Mines as provided in Attachment 1.
4. Provide the Company with the ability to increase (or subsequently decrease) hourly wage rates for any job classification during the term of the Agreement, provided that hourly wage rates may not be decreased below the base hourly wage rates established by the Agreement.
5. Subject to Paragraph IV (4) above, modify this Article to provide that if hourly wage rate increases are provided to hourly employees of non-union subsidiaries of Patriot operating in Central Appalachia (or Western Kentucky in the case of Heritage Coal Company, LLC), and such increases raise the non-union hourly employee wage rate to a rate higher than the then current UMWA job classification hourly wage rate for similarly situated employees, then those UMWA represented employees will be provided a wage rate increase that will make them equal with the similarly situated non-union hourly employees. The intent of this proposal is to ensure that future increases to non-union hourly employees will not result in similarly situated UMWA represented employees having a lower hourly wage rate than the non-union employees.
6. Section (c) authorizes the Employer to introduce alternate work schedules only if agreed to by the local union. Revise to provide that the employer may, with seven (7) days notice, implement an alternate work schedule for the entire operation, for a particular wage classification, or for individual employees. Absent seven (7) days notice, the current schedule at the operation will remain in place. Delete the requirement that the local union must agree before the employer may implement an alternate work schedule.

## **Article V. Helpers on Face Equipment in Underground Mines**

1. Delete this Article, which mandates the assignment of a full time helper on continuous mining machines and roof bolters. Helpers are not required in the Gateway Agreements. Helpers will be assigned as needed, at management's discretion.

## **Article VI. Shifts and Shift Differentials**

1. Delete this Article, which requires that Employees working on the afternoon shift be paid an extra \$0.50 per hour, and that Employees on the midnight shift be paid an extra \$0.60 per hour.

## **Article VIII. Starting Time**

1. Section (b) requires the starting time be in accordance with prior practice and custom. Modify to permit management to implement staggered starting times if necessary.
2. Section (e) permits management to change crews at the face. Clarify to provide that any and all crews may be changed out at the location where work is being performed.

## **Article IX. Allowances**

1. Modify Section (e), which currently provides for six (6) personal or sick days per year, to provide for three (3) personal or sick days per year. Personal or sick days not used will be paid out at the end of the year; the current language that permits an employee to carry personal or sick days into the next calendar year will be discontinued.

## **Article X. Wage Increase**

1. Eliminate the \$1.00 per hour wage increase scheduled for January 1, 2014.
2. Reduce the currently scheduled wage increases effective on January 1, 2015 and January 1, 2016 from \$1.00 per hour to \$0.50 per hour.
3. Provide \$0.50 per hour wage increase on January 1, 2017 and provide \$0.50 per hour wage increase on January 1, 2018

## **Article XII. Holidays**

1. Modify Section (a) to provide for eight (8) holidays, instead of the eleven (11) that are currently provided by eliminating the April 1, Veteran's Day and Employee's Birthday holidays.
2. Modify Section (b) (Sunday Holidays) to provide that a holiday shall be observed on the calendar day it falls.
3. Modify Section (c) (Monday Holidays) to provide that scheduled work on Saturday prior to a Monday holiday is mandatory.

4. Modify Section (d) to provide that the employee shall be paid at his regular hourly rate, not triple time, for all hours worked if he or she works on a holiday. He or she will also receive Holiday Pay, if eligible.
5. Modify Section (e) to provide that all underground employees shall receive eight (8) hours pay at the regular straight time rate as Holiday Pay and that all outside employees shall receive seven and one-quarter (7 ¼) hours of pay at the regular straight time rate as Holiday Pay, provided the employee was not absent, unexcused, on the last scheduled shift prior to or the first scheduled shift after the holiday.
6. Modify Section (f) to eliminate the Employee's option to designate another day to take off if the holiday falls during a vacation period or on a day when he is not scheduled to work.

### **Article XIII. Regular Vacation**

1. Modify Section (a) and Section (d) to eliminate the requirement for fourteen (14) consecutive days of regular vacation with twelve (12) days pay. Provide instead for ten (10) days of regular vacation per year with ten (10) days pay, earned on a pro rata basis from January 1 through December 31, and further provide that days must be used in coordination with vacation shut down periods as provided in the Gateway contracts.
2. Modify Sections (b) and (d) to provide for three vacation shut down periods: (1) week of July 4<sup>th</sup>; (2) week of Thanksgiving; and (3) week of Christmas as provided in the Gateway contracts.
3. Modify Section (e), which provides for four (4) floating vacation days, to provide for two (2) floating vacation days. Revise this Section to provide that days not used will be paid after the end of the year, and may not be carried over into a subsequent year.

### **Article XIV. Graduated Vacation**

1. Revise Section (a), which currently provides Employees with at least five (5) years of employment with the Employer receive additional (graduated) days of vacation on a sliding scale of 1 to 14 days, to establish that after five (5) years of continuous employment with the Employer each Employee shall be entitled to five (5) graduated vacation days. Additional years of service will not result in additional graduated vacation days. If an Employee's hire date is before July 1, the Employee will receive five (5) graduated vacation days at the beginning of the year in which the fifth anniversary of employment begins. If hire date is after June 30, the Employee will receive five (5) graduated vacation days at the beginning of the year which follows the fifth anniversary of employment. Days not used will be paid after the end of the year.

### **Article XX. Health, Retirement and Other Benefits**

1. Consistent with the Gateway contracts, delete Article XX in its entirety, including, among other things:

- (i) the obligation to contribute \$5.50 per hour worked to, and to participate in, the UMWA 1974 Pension Plan
  - (ii) the obligation to contribute \$1.10 per hour worked to, and to participate in, the UMWA 1993 Benefit Plan
  - (iii) the obligation to contribute \$1.50 per hour worked to, and to participate in, the UMWA 2012 Retiree Bonus Account Trust
  - (iv) the obligation to provide retiree health benefits to any former, current or future employee.
2. In connection with the elimination of hourly contributions to the UMWA 1974 Pension Plan, the Debtors will seek to negotiate a mutually agreeable post-emergence payment stream with the UMWA 1974 Pension Plan or, absent such agreement, withdraw from the UMWA 1974 Pension Plan and pay the resulting withdrawal liability over time as provided for in section § 4219(c)(1)(A) of ERISA. If neither of those two options is available, the relevant Debtor will withdraw from the UMWA 1974 Pension Plan, leaving the Plan with a pre-petition unsecured claim (that is likely joint and several against all of the Debtors).
3. Modify and amend the current health benefit plan for active employees as set forth in Attachment 2. Among other things, the revised health plan will provide for:
  - (i) 90/10 coverage (same coverage as the health care plan to be provided for Patriot's subsidiaries' salaried and non-union hourly employees), and
  - (ii) a monthly pre-tax employee contribution toward the cost of health care, and
  - (iii) non-coverage of spouses who do not enroll in available health care plans provided by their employer, and
  - (iv) coordination of benefits for covered spouses who do enroll in available health care coverage provided by their employer, and
  - (v) monthly contribution (premium) reductions for employees with covered spouses who enroll in available health care coverage provided by their employer
4. Modify and amend the current health benefit plan to specify employer-provided medical coverage will continue for sixty (60) calendar days after the date of an employee's lay off, rather than for the balance of the month plus up twelve additional months of continuing coverage.
5. Eliminate the requirement that the Company maintain a retiree health care plan and eliminate the requirement that the Company provide health care benefits for current or future retirees.
6. Modify the current Agreement to add a new provision that requires the Employer to make a contribution into each working miner's personal account in a company sponsored 401(k) plan, or, in the alternative, make such contributions to the UMWA Cash Deferred Savings Plan. The contribution shall be 6% of each dollar earned in wages for hours actually worked by the miner.



## **Article XXB. UMWA Cash Deferred Savings Plan of 1988**

1. Modify Section (d) and other sections in this Article as appropriate to:
  - (i) terminate the obligation to contribute to the UMWA Cash Deferred Savings Plan (CDSP) on behalf of new inexperienced miners hired after January 1, 2007, including the current requirement to contribute \$1.00 per hour worked by such Employees
  - (ii) terminate the obligation to make contributions to the CDSP on behalf of new inexperienced miners hired after January 1, 2012 who are not eligible to participate in the UMWA 1974 Pension Plan, including the current requirement to contribute \$1.00 per hour worked by such Employees
  - (iii) terminate the obligation to make contributions to the CDSP on behalf of participants in the UMWA 1974 Pension Plan who opt out of continued participation in the UMWA Pension Plan, including the current requirement to contribute \$1.00 per hour worked by such Employees
  - (iv) terminate the obligation to make contributions to the CDSP on behalf of employees who have 20 years of credited service under the UMWA Pension Plan, including the current requirement to contribute \$1.00 per hour worked by such Employees

## **Article XXII. Miscellaneous**

1. Modify Section (i) Attendance Control Program to provide that (a) two unexcused absences in 30 calendar days, or three unexcused absences in 180 calendar days or four unexcused absences in 360 calendar days is just cause for discharge; and (b) that the employer may implement or revise a Chronic & Excessive Absentee Program.
2. Section (s) Bonus Plans restricts an Employer's right to implement bonus plans unless approved by a majority vote of the local union. Modify this Section to provide that the employer may initiate, modify and terminate bonus plans unilaterally, as provided in the Gateway Agreements.
3. Delete Section (j) Memorial Periods which grants the Union a right to designate Memorial Periods which effectively shut down operations for up to ten (10) days during the term of the Agreement.
4. Add a new section that establishes a forty-five (45) day probationary period for newly employed personnel, as provided in the Gateway Agreements.

## **Article XXIII. Settlement of Disputes**

1. Modify Section (h) Finality of Settlements to provide that the provisions of this Agreement supersede and make void any settlements, arbitration decisions or other agreements that are in any manner inconsistent with or in conflict with concepts, intentions and changes of this Agreement. Such settlements, arbitration decisions and/or agreements include, but are not limited to:
  - a) Double Back Policy and 10% Chronic and Excessive Absenteeism threshold at Eastern's Federal #2 Mine

- b) Requirement to maintain a specific number of employees to perform work at closed operations
- c) Restrictions against use of contractors for periodic sump and pond cleaning

**Article XXVI. District Agreements**

- 1. Clarify Section (b) to provide that this Agreement supersedes any prior practice or custom or local, district or international agreement that is in any manner inconsistent with or in conflict with the concepts or intentions of this Agreement.

**Article XXIX. Ratification and Termination of This Agreement**

- 1. Make the termination date of the Agreement December 31, 2018.

**Other Matters**

- 1. Modify all contract language as necessary and appropriate to be consistent with the concepts, intentions and changes set forth herein.
- 2. All unresolved grievances that assert violation of contractual provisions made void, modified or eliminated are withdrawn.
- 3. No grievances may be filed that claim violation of contractual provisions made void, modified or eliminated by this proposal.

**MOU REGARDING JOB OPPORTUNITIES**

- 1. Terminate this MOU, which requires certain non-union subsidiaries of Patriot Coal to offer jobs to the employees of the signatory companies before hiring employees of their own choosing.

**ATTACHMENT 1  
TO TAB A**

**Wage Rates**

1. Adjust current 2013 Underground and Deep Mine Standard Hourly Wage Rates to the wage rates in effect as of December 31, 2012
  
2. Reduce Strip and Auger Mines rates to conform generally to rates paid at Strip and Auger Mines operated by non-union subsidiaries of Patriot.

<b>Current NBCWA Pay Grade</b>	<b>2013 NBCWA Standard Hourly Wage Rate</b>	<b>Proposed Pay Grade</b>	<b>Proposed Job Titles within Proposed Pay Grade</b>	<b>Proposed Standard Hourly Wage Rate</b>
Grade 5	\$28.178	Grade 5	Master Electrician	\$30.00
Grade 4	\$27.527	Grade 4	Dragline Operator, Electrician, Mechanic	\$26.00
Grade 3	\$27.162	Grade 3	Loader (Production or Coal), Excavator (Production), Dozer (Production), Shovel Operator	\$24.00
Grade 2	\$26.877	Grade 2	Welder, Shovel or Dragline Oiler, Blaster/Shooter	\$22.00
Grade 1	\$26.796	Grade 1	Driller, Grader, Serviceman, Groundman, Truck (Rock, Coal, Water), Heavy Equipment Operator, Loader or Dozer (Non-Production), Steam Jenny	\$20.00

3. Reduce Preparation Plant and Other Surface Facilities For Deep or Surface Mines rates to conform generally with rates paid at Preparation Plant and Other Surface Facilities for Deep or Surface Mine operated by non-union subsidiaries of Patriot.

<b>Current NBCWA Pay Grade</b>	<b>2013 NBCWA Standard Hourly Wage Rate</b>	<b>Proposed Pay Grade</b>	<b>Proposed Job Titles within Proposed Pay Grade</b>	<b>Proposed Standard Hourly Wage Rate</b>
Grade 4	\$27.364	Grade 4	Diesel Mechanic, Mechanic, Electrician/Mechanic, Electrician, Electrician Lineman	\$26.364
Grade 3	\$27.120	Grade 3	Plant Operator, Welder 1 <sup>st</sup> Class, Welder Pipefitter, Repairman- Radio	\$24.00
Grade 2	\$26.837	Grade 2	Beltline Mechanic, Dozer Operator, Loader Operator, Heavy Equipment Operator, Heavy Media Operator, Loadout Operator, Stationary Equipment Operator, Truck Driver, Wet Plant Operator	\$23.00
Grade 1	\$26.757	Grade 1	Bathhouse Attendant, General Laborer, Utility Person, Sampler	\$20.00

**ATTACHMENT 2  
TO TAB A**

Healthcare Benefits for Active Employees

- 1) Article XX (Health, Retirement and Other Benefits) of the 2011 NBCWA is deleted in its entirety.
- 2) The signatory employers will provide health benefits to all active employees as follows:
  - a) Health benefits for employees at the signatory mines will be in accordance with the plan design summarized on Exhibit A of this Attachment which shows a comparison of the existing plan design to the modified plan design.
  - b) Employees will be responsible for paying a portion of the cost of health care in the form of monthly premiums equal to 10 % of the predicted average cost of health care under the plan. Separate premiums will be developed for the following coverage classifications: Employee Only; Employee + One; Employee + Family. Such premium amounts will be withheld through direct pre-tax payroll deductions. The premiums will be determined through actuarial analysis and will be subject to change annually, increasing or decreasing, depending upon the actual plan experience as compared to the prior year's actuarial projections. The monthly premiums for 2013 are as follows:
    - i) Employee Only: \$68.58
    - ii) Employee + One: \$140.48
    - iii) Employee +Family: \$213.00

Employees with covered spouses who are enrolled in a medical insurance plan provided by their employer will receive a \$50 per month premium discount

Working spouses who do not enroll in a medical insurance plan available to them from their employer are not covered under this health care plan.

The employer will provide a prescription drug benefit that includes availability to a large and sufficient enough range of medications to allow health care practitioners to prescribe appropriate medical treatment.

- 3) The Employer reserves the exclusive right to change or modify its health plan as follows:
  - a) To adopt, change or modify managed care programs and/or cost containment programs that do not impose material additional costs or benefit reductions on plan participants, provided participants are provided thirty (30) days advance notice of such changes
  - b) To change carriers or plan administrators or otherwise make changes to plan administration that do not impose material additional costs or benefit reductions on plan participants without prior notice

- c) To require participants to enroll in or otherwise receive benefits from plans or programs currently available or that may become available during the term of this Agreement from the government or other public sources, provided participants are provided thirty (30) days advance notice of such changes
  - d) To amend or modify the level of benefits provided by the Plan, and/or to increase the cost participants are required to pay to receive benefits from the Plan on each anniversary date of the Agreement, if the per-beneficiary cost to the Employer of providing benefits under the Plan exceeds five (5) percent of the per-beneficiary cost to provide benefits under the Plan as of the effective date of the Agreement, provided however, that such changes shall not be greater than reasonably required to maintain the cost to the Employer at the per-beneficiary cost as of the effective date of the Agreement.
- 4) At least thirty (30) days prior to implementing changes to the Plan pursuant to paragraph 3(d) the Employer shall meet with representatives of the Union to review the Plan's experience, to share claims and cost data, and to discuss the changes proposed by the Employer. The Employer shall consider any proposals and recommendations offered by the Union to attain the cost reductions necessary to maintain the per-beneficiary cost at the level in effect on the effective date of the Agreement. After considering such proposals and recommendations, the Employer may, at its sole discretion, implement such changes as it deems necessary to maintain the per-beneficiary cost to the Employer of providing benefits under the Plan at the level in effect on the effective date of the Agreement.
- 5) If local, state or federal government, or any governmental agency, implements any program or law or regulation which makes available to any or all of the Employees of the Company any service, procedure or benefit (including health care coverage under Nation Health Care Reform Exchanges) that is also covered or provided under this health care plan, or any amended health care plan, then such Employee or beneficiaries or dependents may be required by the company to obtain such service, procedure or benefit from the government or agency and not from the Company, provided that any additional cost incurred by the Employee as a result of the difference in cost charged for service or procedure or benefit itself (relative to the cost under this Plan) is reimbursed to Employee by the company. Prior to any such requirement, the Employer and the UMWA agree to meet and discuss implementation of any such requirement.
- 6) Active represented employees will not be eligible for any type of employer provided retiree health care program.
- 7) Should a dispute arise during the term of this Agreement concerning the interpretation or implementation of this Reservation of Rights clause, or any Employer action taken pursuant to this clause, such dispute shall be resolved by the U. S. District Court for the Eastern District of Virginia, and shall not be subject to arbitration or any dispute resolution process under the Agreement or the Plan.

Exhibit A

Medical Plan Design Summary		
	Current UMWA Represented Active Employee Plan Design	Proposed UMWA Represented Active Employee Plan Design
<b>Coinsurance</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Deductible</b>		
Individual In Network	\$0	\$250
Family In Network	\$0	\$250 per person
Individual Out of Network	\$0	\$250
Family Out of Network	\$0	\$250 per person
<b>Co-Pay</b>		
Primary Care Physician In Network	\$12	\$20
Specialist In Network	\$12	\$35
Primary Care Physician Out of Network	\$20	\$20
Specialist Out of Network	\$20	\$50
<b>Inpatient/Outpatient Services</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Maximum Out-of-Pocket</b>		
Individual In Network	\$240	\$2,000
Family In Network	\$240	\$4,000
Individual Out of Network	\$1,600	\$2,000
Family Out of Network	\$1,600	\$4,000
<b>Other</b>		
Hospital Pre-Cert Penalty	\$300	\$0
Hearing Care	One hearing aid per ear every 2 years if Medically Necessary	In-Network - 80% after deductible satisfied - 1 hearing aid per ear every 2 years
<b>Prescription Drugs Retail (30 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	\$5	\$5.00
Preferred Brand	\$5	30% (\$25, \$50)
Non-preferred Brand	\$5	50% (\$75, \$200)
<b>Prescription Drugs Mail (90 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	Free	\$10.00
Preferred Brand	Free	30% (\$50, \$100)
Non-preferred Brand	Free	50% (\$150, \$400)

TAB B

PROPOSED CHANGES TO COAL WAGE  
AGREEMENT  
BETWEEN THE  
UNITED MINE WORKERS OF AMERICA  
AND  
HIGHLAND MINING COMPANY, LLC

**Revised April 10, 2013**



## **HIGHLAND MINING COMPANY, LLC PROPOSAL**

**Revised April 10, 2013**

As of June 1, 2013, the provisions of the current Coal Wage Agreement and amending agreements would continue unchanged, except as provided below.

### **Article I. Enabling Clause**

1. Modify to limit application of the contract to the geographic boundaries of the operation, as currently provided in the Gateway Agreements. Include a description of the boundaries of the mine and related reserves that are covered by the Agreement.
2. The language in the current 2011 Coal Wage Agreement which states "...operations covered by this Agreement shall not be sold, conveyed, or otherwise transferred or assigned to any successor without first securing the agreement of the successor to assume the Employer's obligations under this Agreement" is included as part of this Proposal. It is not the intent of this 1113 Proposal to eliminate successorship from the Highland contract.

### **Article IA. Scope and Coverage**

1. Modify Section (e), which limits supervisors from performing any classified work, to provide that supervisors may perform work of a classified nature so long as it does not exceed one hour during a shift.
2. Modify Section (f) to provide that the Employer agrees to apply this Agreement to any mine or coal producing facility operated by the Employer upon the UMWA's recognition, certification, or otherwise properly obtaining bargaining rights, and the Union agrees that this Agreement will be offered to any Article II –B Lessee-Licensee of the Employer upon the UMWA's recognition, certification, or otherwise properly obtained bargaining rights. Notwithstanding the forgoing, the terms of the Agreement shall be applied without evidence of the Union's representation of the Employees involved to any relocation of an operation already covered by the terms of the Agreement.
3. Further modify Section (f) to provide that, upon the UMWA's properly obtaining bargaining rights, the Employer agrees to recognize the union at the Flying Eagle mine, the Buck Fork mine, the Huff Creek Surface mine, and the Buffalo Mountain mine, if and when such mines begin the production of coal, subject to all provisions contained in this 1113 Proposal. The Employer and the UMWA will mutually agree upon an expedited and streamlined process for the Union to seek such bargaining rights. Upon recognition of the union, the union agrees that it will offer to sign this 1113 Proposal at any of the above listed mines
4. Modify Section (g) (contracting and subcontracting), which limits the use of virtually any

- contractors on the jobsite, to provide that non-bargaining unit workers can be used to (i) provide fill-ins for temporary vacancies, (ii) perform short term projects, (iii) perform repair and maintenance work, and (iv) perform any and all work at closed operations
5. Modify Section (g) to also eliminate requirements that the employer must not have available equipment or regular Employees (including laid-off Employees) with necessary skills available to perform the work before non-bargaining unit workers may be utilized (i.e., eliminate any "Double Back" requirement).
  6. Modify Section (i) (construction work) to clarify that all construction work can be contracted out, without regard to whether it may have been performed by classified Employees in the past.

## **Article II. Job Opportunity and Benefit Security**

1. Modify Article II by deleting all sections of Article II except the sections entitled "A. Non-Signatory Operations of the Signatory Employer," "B. Lessee-Licensee" and D-2. Exhaustion of Employer Panel, subject to the following amendments.
2. Modify A. Non-Signatory Operations of the Signatory Employer, Paragraph 2 to provide that selection of the 3 of 5 Employees to receive job offers shall be based on demonstrated ability to perform the work of the job at the time it is awarded (including possession of required certifications and required training), and satisfaction of such other hiring standards, qualifications, and tests as the Employer applies uniformly in its normal staffing practices. Seniority shall be considered, but need not be the determining factor in the Employer's decision to offer employment to any classified laid-off Employee on the Employer's panels of the Employer's operations covered by this Agreement.
3. Modify A. Non-Signatory Operations of the Signatory Employer, Paragraph 6, to provide that any disputes that arise under this Section shall be resolved through the normal UMWA grievance procedure, as set forth elsewhere in this 1113 Proposal.
4. Modify B. Lessee-Licensee, Paragraph 2 to provide that leasing, subleasing, or licensing out of such lands or operations shall be permitted where the lessee-licensee agrees in writing that 3 of every 5 offers of employment by such lessee-licensee shall first be made to the Employer's classified laid-off Employees on the Employer's panels of the Employer's operations covered by this Agreement, if such employment at the leased, subleased or licensed out location is for a job of the nature covered by the Agreement.
5. Modify B. Lessee-Licensee, Paragraph 3 to include that selections of the 3 out of 5 Employees to receive job offers may be based on demonstrated ability to perform the work of the job at the time it is awarded (including possession of required certifications and required training), and satisfaction of such other hiring standards, qualifications, and tests as the Employer applies uniformly in its normal staffing practices. Seniority shall be considered, but need not be the determining factor in the Lessee-Licensee's decision to offer employment to any classified laid-off Employee on the Employer's panels of the Employer's operations covered by this Agreement.

6. Modify B. Lessee-Licensee, Paragraph 5 to provide that any disputes that arise under this Article shall be resolved through the normal UMWA grievance procedure, as set forth elsewhere in this 1113 Proposal

### **Article III. Health and Safety**

1. Modify Section (m) (safety equipment and protective clothing allowance) to provide that the employer may provide uniforms in lieu of paying the annual \$290 clothing allowance required under the current Agreement.

### **Article IV. Wages and Hours**

1. Section (b) requires overtime be paid after 8 hours in a day, and in some cases after 7¼ hours. Section (e) requires double time rates for Saturday overtime and Sunday work and triple time rates for work on holidays. Modify in this Article as necessary to provide that all overtime will be paid at time and one half, and only for hours actually worked beyond 40 hours during a week, including work on Saturdays, Sundays and holidays (i.e., eliminate all references to premium pay). Amend all provisions of the Agreement to conform to this change.
2. Maintain Highland's December 31, 2012 hourly wage rates.
3. Provide Company with the ability to increase (and subsequently decrease) hourly wage rates for any job classification during the term of the Agreement, provided that hourly wage rates may not be decreased below the base hourly wage rates established by the Agreement.
4. Subject to Paragraph IV (3) above, modify this Article to provide that if hourly wage rate increases are provided to hourly employees of non-union subsidiaries of Patriot operating in Western Kentucky, and such increases raise the non-union hourly employee wage rate to a rate higher than the then current UMWA job classification hourly wage rate for similarly situated employees, then those UMWA represented employees will be provided a wage rate increase that will make them equal with the similarly situated non-union hourly employees. The intent of this proposal is to ensure that future increases to non-union hourly employees will not result in similarly situated UMWA represented employees having a lower hourly wage rate than the non-union employees
5. Maintain current Local Agreement regarding sharing of Idle Day and Overtime work
6. Section (c) authorizes the employer to introduce alternate work schedules only if agreed to by the local union. Revise to provide that the employer may, with seven (7) days notice, implement an alternative work schedule for the entire operation, a particular wage classification or individual employees. Absent seven (7) days notice, the current schedule at the operation will remain in place. Delete the requirement that the local union must agree before the employer may implement an alternate work schedule.

## **Article V. Helpers on Face Equipment in Underground Mines**

1. Delete this Article, not contained in the Gateway Agreements, which mandates the assignment of a full time helper on continuous mining machines and roof bolters. Helpers will be assigned as needed, at management's discretion.

## **Article VI. Shifts and Shift Differentials**

1. Delete this Article, which requires that Employees working on the afternoon shift be paid an extra \$0.40 per hour, and that Employees on the midnight shift be paid an extra \$0.50 per hour.

## **Article VIII. Starting Time**

1. Section (e) permits management to change crews at the face. Clarify to provide that any and all crews may be changed out at the location where work is being performed.

## **Article IX. Allowances**

1. Modify Section (e), which currently provides for five (5) personal or sick days per year to provide for three (3) personal or sick days per year. Days not used will be paid after the end of the year; the current language that permits an employee to carry over personal or sick days into the next calendar year will be discontinued.

## **Article X. Wage Increase**

1. Eliminate the \$1.25 per hour wage increase scheduled for July 1, 2013 and eliminate the \$1.25 per hour wage increase scheduled for July 1, 2014.
2. Maintain wages through June 30, 2015 at Highland's December 31, 2012, rates.
3. Provide an increase of \$0.50 per hour on July 1, 2015; provide an increase of \$0.50 per hour on July 1, 2016; provide an increase of \$0.50 per hour on July 1, 2017; and provide an increase of \$0.50 per hour on July 1, 2018.

## **Article XII. Holidays**

1. Modify Section (a) to provide for eight (8) holidays instead of the eleven (11) that are now provided by eliminating the April 1, Veteran's Day and Employee's Birthday holidays.
2. Modify Section (b) (Sunday holidays) to provide that a holiday shall be observed on the calendar day it falls.
3. Modify Section (c) (Monday holidays) to provide that scheduled work on Saturday prior to a holiday is mandatory
4. Modify Section (d) to provide that the employee shall be paid at his regular hourly rate, not triple time, for all hours worked if he or she works on a holiday. He or she will also receive Holiday Pay, if eligible.

5. Modify Section (e) to provide that all underground employees shall receive eight (8) hours pay at the regular straight time rate as Holiday Pay and that all outside employees shall receive seven and one-quarter (7 ¼) hours of pay at the regular straight time rate as Holiday Pay, provided the employee was not absent, unexcused, on the last scheduled shift prior to or the first scheduled shift after the holiday.
6. Modify Section (f) eliminate the Employee's option to designate another day to take off if the holiday falls during a vacation period or on a day when he is not scheduled to work.

### **Article XIII. Regular Vacation**

1. Modify Section (a) and Section (d) to eliminate the requirement for fourteen (14) consecutive days of regular vacation with twelve (12) days pay. Provide instead for ten (10) days of regular vacation per year with ten (10) days pay, earned on a pro rata basis from January 1 through December 21, and further provide that days must be used in coordination with vacation shut down periods, as provided in the Gateway contracts.
2. Modify Sections (b) and (d) to provide for three vacation shut down periods: (1) week of July 4<sup>th</sup>; (2) week of Thanksgiving; and (3) week of Christmas, as provided in the Gateway contracts.
3. Modify Section (e), which currently provides for four (4) floating vacation days, to provide for two (2) floating vacation days. Revise to provide that days not used will be paid after the end of the year, and may not be carried over into a subsequent year.

### **Article XIV. Graduated Vacation**

1. Revise Section (a), which currently provides Employees with at least five (5) years of employment with the Employer receive additional (graduated) days of vacation on a sliding scale of 1 to 14 days, to establish that after five (5) years of continuous employment with the Employer each Employee shall be entitled to five (5) graduated vacation days. Additional years of service will not result in additional graduated vacation days. If an Employee's hire date is before July 1, the Employee will receive five (5) graduated vacation days at the beginning of the year in which the fifth anniversary of employment begins. If hire date is after June 30, the Employee will receive five (5) graduated vacation days at the beginning of the year which follows the fifth anniversary of employment. Days not used will be paid after the end of the year.

### **Article XX. Health, Retirement and Other Benefits**

1. Consistent with the Gateway contracts, delete Article XX in its entirety, including, among all other things:
  - (i) the obligation to contribute \$5.50 per hour worked to, and participate in, the UMWA 1974 Pension Plan
  - (ii) the obligation to contribute \$0.50 per hour worked to, and participate in, the UMWA 1993 Benefit Plan
  - (iii) the obligation to provide retiree health benefits to any former, current or future

employee.

2. In connection with the elimination of hourly contributions to the UMWA 1974 Pension Plan, the Debtors will seek to negotiate a mutually agreeable post-emergence payment stream with the UMWA 1974 Pension Plan or, absent such agreement, withdraw from the UMWA 1974 Pension Plan and pay the resulting withdrawal liability over time as provided for in section § 4219(c)(1)(A) of ERISA. If neither of those two options is available, the relevant Debtor will withdraw from the UMWA 1974 Pension Plan, leaving the Plan with a pre-petition unsecured claim (that is likely joint and several against all of the Debtors).
3. Modify and amend the current health benefit plan as set forth in Attachment 1. Among other things, the revised health plan will provide for:
  - (i) 90/10 coverage (same coverage as the health care plan to be provided for Patriot's subsidiaries' salary and non-union hourly employees), and
  - (ii) a monthly pre-tax employee contributions toward the cost of health care, and
  - (iii) non-coverage of spouses who do not enroll in available health care plans provided by their employer, and
  - (iv) coordination of benefits for covered spouses who do enroll in available health care coverage provided by their employer, and
  - (v) monthly contribution (premium) reductions for employees with covered spouses who enroll in available health care coverage provided by their employer
4. Modify and amend the current health benefit plan to specify employer-provided medical coverage will continue for sixty (60) calendar days after the date of an employee's lay off, rather than the balance of the month plus up to twelve (12) additional months of continuing coverage.
5. Eliminate the requirement that the Company maintain a retiree health care plan and eliminate the requirement that the Company provide health care benefits for retirees.
6. Modify current Agreement to add a new provision that requires the Employer to make a contribution into each working miner's personal account in a company sponsored 401(k) plan, or, in the alternative, make such contributions to the UMWA Cash Deferred Savings Plan. The contribution shall be 6% of each dollar earned in wages for hours actually worked by the miner.

#### **Article XXB. UMWA Cash Deferred Savings Plan of 1988**

1. Modify Section (d) and other sections in this Article as appropriate to terminate the obligation to make contributions to the UMWA Cash Deferred Savings Plan (CDSP) on behalf of new inexperienced miners hired after January 1, 2007.

#### **Article XXII. Miscellaneous**

1. Modify Section (i) Attendance Control Program to provide that (a) two unexcused absences in 30 calendar days or three unexcused absences in 180 calendar days or four

unexcused absences in 360 calendar days is just cause for discharge; and (b) that the employer may implement or revise a Chronic & Excessive Absentee Program.

2. Section (s) Bonus Plans restricts an Employer's right to implement bonus plans unless approved by a majority vote of the local union. Modify this Section to provide that the employer may initiate, modify and terminate safety, attendance, environmental compliance, production or other bonus plans unilaterally, as provided in the Gateway Agreements.
3. Delete Section (j) Memorial Periods which grants the Union a right to effectively shut down operations up to ten (10) days during the term of the Agreement.
4. Add a new section that establishes a forty-five (45) day probationary period for newly employed personnel.

### **Article XXIII. Settlement of Disputes**

1. Modify Section (h) Finality of Settlements to provide that the provisions of this Agreement supersede any settlements, arbitration decisions or other agreements that are in any manner inconsistent with or in conflict with the changes, concepts or intentions of this Agreement.

### **Article XXVI. District Agreements**

1. Clarify Section (b) to provide that this Agreement supersedes any prior practice or custom or local or district agreement that is in any manner inconsistent with or in conflict with the changes, concepts or intentions of this Agreement.

### **Article XXIX. Ratification and Termination of This Agreement**

1. Make the termination date of the Agreement December 31, 2018.

### **Other**

1. Maintain current Letter Agreement in Highland Agreement regarding Skills Enhancement
2. Maintain Appendix F of current Highland Agreement — Consolidated Classifications
3. Modify all contract provisions and language as necessary and appropriate to be consistent with the changes, concepts or intentions of set forth herein.
4. All unresolved grievances that assert violation of contractual provisions made void, modified or eliminated are withdrawn.
5. No grievances may be filed that claim violation of contractual provisions made void, modified or eliminated by this proposal.

### **MOU REGARDING JOB OPPORTUNITIES.**

Terminate this MOU, which requires certain non-union subsidiaries of Patriot Coal to offer jobs to employees of the signatory companies before hiring employees of their own choosing.

**ATTACHMENT 1  
TO TAB B**

Healthcare Benefits for Active Employees

- 1) Article XX (Health, Retirement and Other Benefits) of the 2007 Highland Agreement extension is deleted in its entirety.
- 2) The signatory employers will provide health benefits to all active employees as follows:
  - a) Health benefits for employees at the signatory mines will be in accordance with the plan design summarized on Exhibit A of this Attachment which shows a comparison of the existing plan design to the modified plan design.
  - b) Employees will be responsible for paying a portion of the cost of health care in the form of monthly premiums equal to 10% of the predicted average cost of health care under the plan. Separate premiums will be developed for the following coverage classifications: Employee Only; Employee + Spouse; Employee + Family. Such premium amounts will be withheld through direct pre-tax payroll deductions. The premiums will be determined through actuarial analysis and will be subject to change annually, increasing or decreasing, depending upon the actual plan experience as compared to the prior year's actuarial projections. The premiums for 2013 are as follows:

i. Employee Only:	\$68.58
ii. Employee + One:	\$140.48
iii. Employee +Family:	\$213.00

Employees with covered spouses who are enrolled in a medical insurance plan provided by their employer will receive a \$50 per month premium discount

Working spouses who do not enroll in a medical insurance plan available to them from their employer are not covered under this health care plan.

The employer will provide a prescription drug benefit that includes availability to a large and sufficient enough range of medications to allow health care practitioners to prescribe appropriate medical treatment.

- 3) The Employer reserves the exclusive right to change or modify its health plan as follows:
  - a) To adopt, change or modify managed care programs and/or cost containment programs that do not impose material additional costs or benefit reductions on plan participants, provided participants are provided thirty (30) days advance notice of such changes
  - b) To change carriers or plan administrators or otherwise make changes to plan administration that do not impose material additional costs or benefit reductions on plan participants without prior notice



- c) To require participants to enroll in or otherwise receive benefits from plans or programs currently available or that may become available during the term of this Agreement from the government or other public sources, provided participants are provided thirty (30) days advance notice of such changes
  - d) To amend or modify the level of benefits provided by the Plan, and/or to increase the cost participants are required to pay to receive benefits from the Plan on each anniversary date of the Agreement, if the per-beneficiary cost to the Employer of providing benefits under the Plan exceeds five (5) percent of the per-beneficiary cost to provide benefits under the Plan as of the effective date of the Agreement, provided however, that such changes shall not be greater than reasonably required to maintain the cost to the Employer at the per-beneficiary cost as of the effective date of the Agreement.
- 4) At least thirty (30) days prior to implementing changes to the Plan pursuant to paragraph 3(d) the Employer shall meet with representatives of the Union to review the Plan's experience, to share claims and cost data, and to discuss the changes proposed by the Employer. The Employer shall consider any proposals and recommendations offered by the Union to attain the cost reductions necessary to maintain the per-beneficiary cost at the level in effect on the effective date of the Agreement. After considering such proposals and recommendations, the Employer may, at its sole discretion, implement such changes as it deems necessary to maintain the per-beneficiary cost to the Employer of providing benefits under the Plan at the level in effect on the effective date of the Agreement.
- 5) If local, state or federal government, or any governmental agency, implements any program or law or regulation which makes available to any or all of the Employees of the Company any service, procedure or benefit (including health care coverage under Nation Health Care Reform Exchanges) that is also covered or provided under this health care plan, or any amended health care plan, then such Employee or beneficiaries or dependents may be required by the company to obtain such service, procedure or benefit from the government or agency and not from the Company, provided that the any additional cost incurred by the Employee as a result of the difference in cost charged for service or procedure or benefit itself (relative to the cost under this Plan) is reimbursed to Employee by the company. Prior to any such requirement, the Employer and the UMWA agree to meet and discuss implementation of any such requirement.
- 6) Active represented employees will not be eligible for any type of employer provided retiree health care program.
- 7) Should a dispute arise during the term of this Agreement concerning the interpretation or implementation of this Reservation of Rights clause, or any Employer action taken pursuant to this clause, such dispute shall be resolved by the U. S. District Court for the Eastern District of Virginia, and shall not be subject to arbitration or any dispute resolution process under the Agreement or the Plan.

Exhibit A

Medical Plan Design Summary		
	Current UMWA Represented Active Employee Plan Design	Proposed UMWA Represented Active Employee Plan Design
<b>Coinsurance</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Deductible</b>		
Individual In Network	\$0	\$250
Family In Network	\$0	\$250 per person
Individual Out of Network	\$0	\$250
Family Out of Network	\$0	\$250 per person
<b>Co-Pay</b>		
Primary Care Physician In Network	\$12	\$20
Specialist In Network	\$12	\$35
Primary Care Physician Out of Network	\$20	\$20
Specialist Out of Network	\$20	\$50
<b>Inpatient/Outpatient Services</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Maximum Out-of-Pocket</b>		
Individual In Network	\$240	\$2,000
Family In Network	\$240	\$4,000
Individual Out of Network	\$1,600	\$2,000
Family Out of Network	\$1,600	\$4,000
<b>Other</b>		
Hospital Pre-Cert Penalty	\$300	\$0
Hearing Care	One hearing aid per ear every 2 years if Medically Necessary	In-Network - 80% after deductible satisfied - 1 hearing aid per ear every 2 years
<b>Prescription Drugs Retail (30 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	\$5	\$5.00
Preferred Brand	\$5	30% (\$25, \$50)
Non-preferred Brand	\$5	50% (\$75, \$200)
<b>Prescription Drugs Mail (90 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	Free	\$10.00
Preferred Brand	Free	30% (\$50, \$100)
Non-preferred Brand	Free	50% (\$150, \$400)

TAB C

PROPOSED CHANGES TO COLLECTIVE  
BARGAINING AGREEMENTS  
BETWEEN THE  
UNITED MINE WORKERS OF AMERICA  
AND  
GATEWAY EAGLE COAL COMPANY, LLC  
FOR  
GATEWAY EAGLE MINE  
FARLEY EAGLE MINE  
CAMPBELLS CREEK NO. 10 MINE  
SUGAR MAPLE MINE

**Revised April 10, 2013**

**GATEWAY EAGLE COAL COMPANY PROPOSALS**  
Gateway Eagle Mine Collective Bargaining Agreement  
Farley Eagle Mine Collective Bargaining Agreement  
Campbells Creek No.10 Mine Collective Bargaining Agreement  
Sugar Maple Mine Collective Bargaining Agreement

**Revised April 10, 2013**

As of June 1, 2013, the provisions of Gateway Eagle Coal Company's current Collective Bargaining Agreements would continue unchanged, except as provided below.

**Article IA. Scope and Coverage**

1. Modify Section (g) (contracting and subcontracting) to provide that non-bargaining unit workers can be used to perform any and all work at closed operations.
2. The obligation in the current 2011 Coal Wage Agreement which states "...operations covered by this Agreement shall not be sold, conveyed, or otherwise transferred or assigned to any successor without first securing the agreement of the successor to assume the Employer's obligations under this Agreement" is included as part of this Proposal. It is not the intent of this 1113 Proposal to eliminate successorship from these Gateway Eagle Coal Company contracts.

**Article III. Health and Safety**

1. Modify Section (m) (safety equipment and protective clothing allowance) of the Gateway Eagle Agreement to provide that the employer may provide uniforms in lieu of an annual \$290 clothing allowance.

**Article IV. Wages and Hours**

1. Eliminate all requirements for premium pay on Saturday, Sunday and holidays. Amend provision in this Article and elsewhere in the Agreement to conform to this change.
2. Modify current wage rates for the Gateway Eagle Mine, to the rates in effect on December 31, 2012 under the 2011 National Bituminous Coal Wage Agreement, as listed in Attachment 1. Modify Sugar Maple, Campbells Creek No. 10 ("CC10"), and Farley Eagle wage rates to conform with the rates in effect at those mines on December 31, 2012.
3. Subject to the provision in the current Gateway contracts that provides the Employer the right to unilaterally raise and lower hourly wage rates, provided rates are no lower than the negotiated rates listed in Attachment 1 to Tab C , modify this Article to provide that if hourly wage rate increases are provided to hourly employees of non-union subsidiaries of Patriot operating in Central Appalachia, and such increases raise the non-union hourly employee wage rate to a rate higher than the then current UMWA job classification hourly wage rate for similarly situated employees, then those UMWA represented employees will be provided a wage rate increase that will make them equal with the similarly situated

non-union hourly employees. The intent of this proposal is to ensure that future increases to non-union hourly employees will not result in similarly situated UMWA represented employees having a lower hourly wage rate than the non-union employees

4. Section (c) authorizes the employer to introduce alternate work schedules only if agreed to by the local union. Revise to provide that the employer may, with seven (7) days notice, implement an alternative work schedule for the entire operation, a particular wage classification or individual employees. Absent seven (7) day notice, the current schedule at the operation will remain in place. Delete the requirement that local union must agree before the employer may implement an alternate work schedule.

#### **Article VI. Shifts and Shift Differentials**

1. Delete this Article, which requires Gateway Eagle mine Employees working on the afternoon shift be paid an extra \$0.40 per hour, and that Employees on the midnight shift be paid an extra \$0.50 per hour, and that Employees at the other Gateway mines be paid \$0.50 and \$0.60 in shift differentials.

#### **Article VIII. Starting Time**

1. Modify Section (a) to permit management to establish staggered starting times.
2. Clarify that Section (e) permits management to change any and all crews at the location where work is being performed.

#### **Article IX. Allowances**

1. Modify Section (e), which currently provides for five (5) personal or sick days per year at Gateway Eagle mine, and six (6) personal or sick days per year at the other Gateway mines, to provide for three (3) personal or sick days per year. Current language in the Gateway Eagle Mine Agreement that permits an employee to carry over personal or sick days into the next calendar year will be discontinued; days not used will be paid after the end of the year.

#### **Article X. Wage Increase**

1. Establish wage rates at all Gateway Eagle Coal Company mines, including the Gateway Eagle mine, that conform to the wage rates in effect on December 31, 2012 under the 2011 National Bituminous Coal Wage Agreement
2. Eliminate Gateway Eagle mine wage reopener in 2013 to set wages for 2014-2016.
3. Provide a \$0.50 per hour wage increase to employees of the Gateway Eagle mine effective on each of the following dates: January 1, 2015, January 1, 2016. January 1, 2017, and January 1, 2018.
4. Eliminate the Farley Eagle, Sugar Maple, and CC10 \$1.00 per hour wage increase scheduled for January 1, 2013 and eliminate the Farley Eagle, Sugar Maple and CC10 \$1.00 per hour wage increase scheduled for January 1, 2014

5. Decrease the Farley Eagle, Sugar Maple, and CC10 \$1.00 per hour wage increase scheduled for January 1, 2015 to \$0.50 per hour, and decrease the Farley Eagle, Sugar Maple, and CC10 \$1.00 per hour wage increase scheduled for January 1, 2016 to \$0.50 per hour.
6. Provide a \$0.50 per hour wage increase to employees of Farley Eagle, Sugar Maple, and CC10 on January 1, 2017, and provide a \$0.50 per hour wage increase to employees of Farley Eagle, Sugar Maple, and CC10 on January 1, 2018.

## **Article XII. Holidays**

1. Modify Section (a) to provide for eight (8) holidays instead of the eleven (11) that are currently provided by eliminating the April 1, Veteran's Day and Employee's Birthday holidays.
2. Modify Sections (b) and (c) to provide that scheduled work on Saturday before a holiday is mandatory.
3. Modify Section (d) to provide that the employee shall be paid at his regular hourly rate, not triple time, for all hours worked if he or she works on a holiday. He or she will also receive Holiday Pay, if eligible.
4. Clarify Section (e) to provide that employee shall receive eight (8) hours pay at the regular straight time rate as Holiday Pay, provide the employee was not absent, unexcused, on the last scheduled shift prior to and the first scheduled shift following the holiday.

## **Article XIII. Regular Vacation**

1. This Article provides for twelve (12) days of paid regular vacation. Modify to provide for ten (10) days of regular vacation per year with ten (10) days pay, earned on a pro rata basis from January 1 through December 31. Regular vacation days continue to be used during vacation shut down periods as provided in the Gateway contracts.
2. The Agreements currently provide for four (4) floating vacation days. Modify to provide for two (2) floating vacation days.

## **Article XIV. Graduated Vacation**

1. Revise Section (a), which currently provides Employees with at least five (5) years of employment with the Employer additional (graduated) days of vacation on a sliding scale of 1 to 14 days, to establish that after five (5) years of continuous employment with the Employer each Employee shall be entitled to five (5) graduated vacation days. Additional years of service will not result in additional graduated vacation days. If an Employee's hire date is before July 1, the Employee will receive five (5) graduated vacation days at the beginning of the year in which the fifth anniversary of employment begins. If hire date is after June 30, the Employee will receive five (5) graduated vacation days at the beginning of the year which follows the fifth anniversary of employment. Days not used will be paid after the end of the year.

## **Article XIX. Health and Other Benefits**

1. Modify Section (b) to amend the current health benefit plan as set forth in Attachment 2. Among other things, the revised plan will provide for:
  - (i) 90/10 coverage (same coverage as the health care plan to be provided for Patriot's subsidiaries' salaried and non-union hourly employees), and
  - (ii) a monthly pre-tax employee contributions toward the cost of health care, and
  - (iii) non-coverage of spouses who do not enroll in available health care plans provided by their employer, and
  - (iv) coordination of benefits for covered spouses who do enroll in available health care coverage provided by their employer, and
  - (v) monthly premium reductions for employees with covered spouses who enroll in available health care coverage provided by their employer
2. Modify and amend the current health benefit plan to specify employer-provided coverage will continue for 60 calendar days after the date of an employee's lay off, rather than balance of the month plus twelve months of continuing coverage.
3. Modify Section (c) 401(k) plan in all Gateway Agreements to eliminate per hour contributions into the 401(k) plan, and require that the Employer make a contribution into each working miner's personal account in a company sponsored 401(k) plan, or, in the alternative, make such contributions to the UMWA Cash Deferred Savings Plan. The contribution shall be 6% of each dollar earned in wages for hours actually worked

## **Miscellaneous**

1. Modify Section (i) Attendance Control Program in Article XXII of the Gateway Eagle Agreement and Article XX of the other Agreements to provide that two unexcused absences in 30 calendar days, or three unexcused absences in 180 calendar days or 4 unexcused in 360 calendar days is just cause for discharge.
2. Delete the Memorial Periods provision in Article XXII of the Gateway Eagle Agreement and Article XX of the other Gateway Agreements, which grants the Union a right to effectively shut down operations for up to ten (10) days during the term of the Agreement.
3. Modify Section (h) Finality of Settlements in Article XXIII of the Gateway Eagle Mine Agreement and Article XXI of the other Agreements to provide that the provisions of this Agreement supersede any settlements, arbitration decisions or other agreements that are in any manner inconsistent with or in conflict with the concepts, intentions and changes of this Agreement.
4. Clarify Section (b) Prior Practice and Custom in Article XXVI of the Gateway Eagle Mine Agreement and Article XXIV of the other Agreements to provide that this Agreement supersedes any prior practice or custom or local or district agreement that is in any manner inconsistent with or in conflict with the concepts, intentions and changes of this Agreement.
5. Make the termination date of the Agreement December 31, 2018.

## **Other**

1. Modify all contract language as necessary and appropriate to be consistent with the concepts, intentions and changes set forth herein.
2. All unresolved grievances that assert violation of contractual provisions made void, modified or eliminated are withdrawn.
3. No grievances may be filed that claim violation of contractual provisions made void, modified or eliminated by this proposal.



**ATTACHMENT 1  
TO TAB C**

Wage Rates

Reduce Underground at Deep Mine Standard Hourly Wage Rates at all Gateway Eagle Coal Company Mines, including the Gateway Eagle mine, to conform Standard Hourly Wage Rates in effect on December 31, 2012 under the 2011 National Bituminous Coal Wage Agreement.

		Proposed Gateway Eagle Coal Company Standard Hourly Wage Rate*
Grade 5		\$26.415
Grade 4		\$26.010
Grade 3		\$25.643
Grade 2		\$25.420
Grade 1		\$25.348
Training Rate		\$24.774

*\* Proposed Gateway Eagle Standard Hourly Wage Rates are the same as the December 31, 2012 NBCWA Standard Hourly Wage Rates*

**ATTACHMENT 2  
TO TAB C**

Healthcare Benefits for Active Employees

Health Care Plans under the 2011 and 2012 Gateway Agreements are modified to provide as follows:

- 1) Health benefits for employees at the signatory mines will be in accordance with the plan design summarized on Exhibit A of this Attachment which shows a comparison of the existing plan design to the modified plan design.
- 2) Employees will be responsible for paying a portion of the cost of health care in the form of monthly premiums equal to 10% of the predicted average cost of health care under the plan. Separate premiums will be developed for the following coverage classifications: Employee Only; Employee + One; Employee + Family. Such premium amounts will be withheld through direct pre-tax payroll deductions. The premiums will be determined through actuarial analysis and will be subject to change annually, increasing or decreasing, depending upon the actual plan experience as compared to the prior year's actuarial projections. The premiums for 2013 are as follows:

i) Employee Only:	\$68.58
ii) Employee + Spouse:	\$140.48
iii) Employee + Family:	\$213.00

Employees with covered spouses who are enrolled in a medical insurance plan provided by their employer will receive a \$50 per month premium discount

Working spouses who do not enroll in a medical insurance plan available to them from their employer are not covered under this health care plan.

The employer will provide a prescription drug benefit that includes availability to a large and sufficient enough range of medications to allow health care practitioners to prescribe appropriate medical treatment

- 3) The Employer reserves the exclusive right to change or modify its health plan as follows:
  - a) To adopt, change or modify managed care programs and/or cost containment programs that do not impose material additional costs or benefit reductions on plan participants, provided participants are provided thirty (30) days advance notice of such changes
  - b) To change carriers or plan administrators or otherwise make changes to plan administration that do not impose material additional costs or benefit reductions on plan participants without prior notice

- c) To require participants to enroll in or otherwise receive benefits from plans or programs currently available or that may become available during the term of this Agreement from the government or other public sources, provided participants are provided thirty (30) days advance notice of such changes
  - d) To amend or modify the level of benefits provided by the Plan, and/or to increase the cost participants are required to pay to receive benefits from the Plan on each anniversary date of the Agreement, if the per-beneficiary cost to the Employer of providing benefits under the Plan exceeds five (5) percent of the per-beneficiary cost to provide benefits under the Plan as of the effective date of the Agreement, provided however, that such changes shall not be greater than reasonably required to maintain the cost to the Employer at the per-beneficiary cost as of the effective date of the Agreement.
- 4) At least thirty (30) days prior to implementing changes to the Plan pursuant to paragraph 3(d) the Employer shall meet with representatives of the Union to review the Plan's experience, to share claims and cost data, and to discuss the changes proposed by the Employer. The Employer shall consider any proposals and recommendations offered by the Union to attain the cost reductions necessary to maintain the per-beneficiary cost at the level in effect on the effective date of the Agreement. After considering such proposals and recommendations, the Employer may, at its sole discretion, implement such changes as it deems necessary to maintain the per-beneficiary cost to the Employer of providing benefits under the Plan at the level in effect on the effective date of the Agreement.
  - 5) If local, state or federal Government, or any governmental agency, implements any program or law or regulation which makes available to any or all of the Employees of the Company any service, procedure or benefit (including health care coverage under Nation Health Care Reform Exchanges) that is also covered or provided under this health care plan, or any amended health care plan, then such Employee or beneficiaries or dependents may be required by the company to obtain such service, procedure or benefit from the government or agency and not from the Company, provided that the any additional cost incurred by the Employee as a result of the difference in cost charged for service or procedure or benefit itself (relative to the cost under this Plan) is reimbursed to Employee by the company. Prior to any such requirement, the Employer and the UMWA agree to meet and discuss implementation of any such requirement.
  - 6) Active represented employees will not be eligible for any type of employer provided retiree health care program.
  - 7) Should a dispute arise during the term of this Agreement concerning the interpretation or implementation of this Reservation of Rights clause, or any Employer action taken pursuant to this clause, such dispute shall be resolved by the U. S. District Court for the Eastern District of Virginia, and shall not be subject to arbitration or any dispute resolution process under the Agreement or the Plan.

**Exhibit A**

<b>Medical Plan Design Summary</b>		
	<b>Current UMWA Represented Active Employee Plan Design</b>	<b>Proposed UMWA Represented Active Employee Plan Design</b>
<b>Coinsurance</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Deductible</b>		
Individual In Network	\$0	\$250
Family In Network	\$0	\$250 per person
Individual Out of Network	\$0	\$250
Family Out of Network	\$0	\$250 per person
<b>Co-Pay</b>		
Primary Care Physician In Network	\$12	\$20
Specialist In Network	\$12	\$35
Primary Care Physician Out of Network	\$20	\$20
Specialist Out of Network	\$20	\$50
<b>Inpatient/Outpatient Services</b>		
In-Network	0%	10%
Out-of-Network	10%	30%
<b>Maximum Out-of-Pocket</b>		
Individual In Network	\$240	\$2,000
Family In Network	\$240	\$4,000
Individual Out of Network	\$1,600	\$2,000
Family Out of Network	\$1,600	\$4,000
<b>Other</b>		
Hospital Pre-Cert Penalty	\$300	\$0
Hearing Care	One hearing aid per ear every 2 years if Medically Necessary	In-Network - 80% after deductible satisfied - 1 hearing aid per ear every 2 years
<b>Prescription Drugs Retail (30 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	\$5	\$5.00
Preferred Brand	\$5	30% (\$25, \$50)
Non-preferred Brand	\$5	50% (\$75, \$200)
<b>Prescription Drugs Mail (90 Day Supply)</b>	<b>Employee Co-Pay</b>	<b>Employee Co-Pay</b>
Generic	Free	\$10.00
Preferred Brand	Free	30% (\$50, \$100)
Non-preferred Brand	Free	50% (\$150, \$400)

TAB D

PROPOSED CHANGES TO COAL WAGE AGREEMENTS  
BETWEEN THE  
UNITED MINE WORKERS OF AMERICA  
AND  
Colony Bay Coal Company  
Mountain View Coal Company, LLC  
Pine Ridge Coal Company, LLC  
Rivers Edge Mining, Inc.

These companies have no employees. Accordingly, we propose that these coal wage agreements be terminated as of June 1, 2013 and that any pending or unsettled grievance is withdrawn and no future grievance may be filed that claims violation of a contractual provision that existed under these coal wage agreements.

To the extent any of these companies are subject to post-termination obligations, including, but not limited to, continuing health care obligations for laid off or retired employees, we propose those obligations be subject to the same modifications as set forth in the proposals under Tab A.