

exists, the parties will immediately convene arbitration pursuant to Paragraph E below. The Company may suspend the Employment Security Plan under this Paragraph D(iii) during the pendency of such arbitration proceeding.

- iv. The permanent shutdown or closure of a department in the Middletown Works or of a substantial portion thereof, in accordance with Article XXII, Severance, of the Agreement, provided that, in such event, only the actual number of employees directly and immediately affected by the shutdown or closure, and provided further that only the number of employees directly and immediately affected by the permanent shutdown or closure shall be subject to layoff. The parties explicitly recognize that an occurrence as described in this paragraph shall not suspend or negate the Employment Security guarantee for any eligible employees not directly and immediately affected by the permanent shutdown or closure.
- v. In the event of a strike or work stoppage covered by the Agreement, the Plan shall be suspended, but only for the duration of any such work stoppage.

E. Arbitration and Limitations

- A. Disputes arising under the Employment Security Plan are subject to arbitration as provided in the Agreement. Grievances involving such disputes shall be entered in Step II of the Grievance Procedure. The grievance will be expedited through the Step II hearing and, if appealed to arbitration, must be docketed, scheduled and heard within sixty (60) days of the date of appeal. Only disputes over the following issues shall be heard according to the above procedure:
 - (i) Whether severe financial difficulties exist as defined in Paragraph D(iii).
 - (ii) Whether the Company has selected the correct number of employees directly and immediately affected as set forth in Paragraph D(iv).
- B. Nothing in this Plan shall limit or restrict any employee's seniority rights to which the employee is entitled under the Agreement.
- C. This Plan does not otherwise modify, expand or limit in any way whatsoever the parties' rights and obligations under the contracting out provisions of the Agreement except as expressly set forth herein.