



U.S. Benefit Redesign Highlights

What's Changing

- Savings and Investment Plan (SIP) - Pension and Retirement Plan (P & RP)

Why?

- We need to offer competitive benefits in order to attract future top talent
- Employee needs and preferences are changing
- Industry trends indicate a shift from traditional defined benefit plans to defined contribution plans
- Over the next 10 years, more than 50 percent of our U.S. employees will become fully pension eligible
- We need to ensure a competitive advantage for our businesses

Current U.S. Employee Changes Effective 1/1/08

Savings & Investment Plan (SIP)

- New company contribution of 3 percent of pay in addition to company match. Fully vested with three years of service
- \$1.00 matching company contribution per \$1.00 employee contribution up to 6 percent of pay.
- Pay defined as normal Annual Earnings plus Variable Compensation, LPBC, The Sales Incentive Compensation program and all overtime
- Broad array of investment options with investment advice tool
- Loans available limited to two at one time

Pension & Retirement Plan

- Current benefit formulas applied for service through 12/31/07
- New pension formulas apply for service beginning 1/1/08
- Pension formulas are reduced to 1/3 of current levels (Formula C will be a minimum level of benefit for service through 12/31/2007)
- Both segments of benefit will grow with any future pay increases until retirement
- Company-paid survivor benefit will not continue to grow with pay or service after 12/31/07

U.S. New Hire/Rehire Changes Effective 1/1/07

- Enhanced SIP becomes the sole company provided retirement vehicle, not eligible for the Pension Plan
- Maximum five weeks of vacation.
- No company subsidy for retiree health care or retiree life insurance