

YOUR VOTE CAN KEEP MERCURY MARINE IN FOND DU LAC

Mercury Marine Labor Contract Proposal

Mercury Marine is facing perhaps the most pivotal moment in its 70-year history, and – like it or not – you will help determine what happens next. The vote this Sunday by the IAMAW on a proposed contract by Mercury will determine the future location of Mercury Marine's main production facility. Please read the following facts before casting your ballot. This is an important day for all of us. Thank you.

The proposed agreement would make operations in Fond du Lac viable for the long term and, as a result, Mercury would contemplate moving additional work here after ratification.

- Bargaining unit work that is currently being performed in Fond du Lac will remain in Fond du Lac for the duration of the seven-year agreement.
- Mercury will move additional casting and machining work to Fond du Lac.
- Mercury will move other drive assembly operations to Fond du Lac.
- Mercury could move some inboard and sterndrive engine marinization to Fond du Lac.
- These actions could lead to bargaining unit employment levels of 1,400 to 1,600 jobs within the seven-year term of the proposed Agreement.

The proposed agreement maintains current base wages through 2012 while providing incentives to laid-off employees and active employees contemplating retirement.

- No change to wages through 2012, with possible increases in 2012 and 2014.
- Base wage rates are preserved by focusing on needed changes to other non-base wage items, such as vacation pay calculations, holidays, and changes in overtime policy.
- Cash incentives are offered to employees who would like to retire early and to other active or laid-off employees who may have opportunities elsewhere.

Opportunities to recall laid-off employees and hire new employees become possible under the proposed agreement – which could nearly double hourly employment at Mercury Fond du Lac.

- Recalled employees and newly hired employees will receive above average wages for similar job classifications in the Fox Valley region.

The provision to allow for Supplemental employees is very similar to the language that is in the current contract.

- The flexibility provided by a supplemental employee base greatly reduces the chances that full-time employees experience lay-offs
- Supplemental employees will have Union membership and receive a chance for a permanent position
- For supplemental employees, the proposal would add healthcare benefits that are not in the current agreement.

Contract Summary
Aug. 19, 09
Side B

Benefits under the proposed contract

Retirement Incentives

- The Company offers a cash incentive of \$25,000 to any active or inactive employee with at least 25 years of service who retires or voluntarily separates from the Company before December 15, 2009.
- Employees who retire before December 15, 2009 will not be affected by benefit changes in the new contract.
- Employees with less than 25 years of service, including those currently on lay-off with recall rights, may also elect to receive cash separation incentives as shown below:

Length of Service	Incentive
At least 20 years but less than 25 years	\$20,000
At least 10 years but less than 20 years	\$10,000
Less than 10 years	\$5,000

Medical

- Medical coverage and contributions will be the same as salary plans.
- Elimination of co-payments at the former Mercury Marine Family Medical Center owned by Agnesian (Fond du Lac Regional Clinic West).
- Delta Dental coverage remains the same.
- Optional CarePlus dental program is preserved, but employee contribution increases between \$4 and \$8 per month.

Insurance/Retirement

- Company-paid life insurance at \$50,000
- Short-term disability program with 60 percent pre-disability earnings up to \$500 per week maximum
- Pension plan frozen, not eliminated, at current \$48 per year of service multiplier.
- Retirement plan becomes defined contribution plan (401K) with Company matching 50 cents for every dollar contributed up to 6 percent on top of benefits already earned.
- Employees retiring in 2009 may elect current retiree medical plan at current contribution rates.
- Employees retiring after Dec. 31, 2009 will be offered an optional retiree medical plan with contributions equal to salary retiree medical plan.

Vacation

- Current employees will not lose vacation time.
- Rules on vacation eligibility and the number of days/weeks that are earned by new hires will be the same as for salary employees

- For all bargaining unit employees, vacation pay will be calculated based on wage rates and the number of days/weeks earned for each employee.
- The vacation multiplier and synthesized vacation pay are eliminated.

Holidays

- The number of paid holidays will be 11 (10 + 1 floater) compared to the historical 13 paid holidays. This will be the same for hourly and salaried employees.

Overtime

- In the proposal, the company has asked for the ability to schedule overtime.
- The rules for scheduled overtime will include limitations with respect to holidays. The Company will not be allowed to schedule overtime on the day prior and the day after a holiday.
- The rules for scheduled overtime will include limitations on the number of hours per month and the number of weekends per year that are scheduled for any employee.