

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION

ROBERT ADKINS, et al.,

Plaintiffs,

v.

SPECIAL METALS CORPORATION,
et al.,

Defendants.

CASE NO. 09-cv-00116-HRW

Judge Henry R. Wilhoit, Jr.

SETTLEMENT AGREEMENT



This Settlement Agreement (“Agreement”) is between all parties to the lawsuit titled *Robert Adkins, et al. v. Special Metals Corporation, Inc., et al.*, Case No. 09-cv-00116-HRW (“Lawsuit”), pending in the United States District Court for the Eastern District of Kentucky, Ashland Division (“Court”). The parties enter into this Agreement to set out the terms under which (a) a one-time \$38 million contribution is to be made by the employer to a VEBA to provide health benefits to certain retirees and their dependents, (b) the employer will establish a Reserve Fund for the payment of attorneys’ fees and costs, with any remainder paid to the VEBA, (c) the Company will be relieved of any responsibility to provide or fund retiree health insurance benefits; and (d) the Lawsuit will be fully and finally resolved.

1. **Definitions.** As used in this Agreement, the following terms will have the meanings set forth below.

(a) **Plaintiffs.** The “Plaintiffs” are (1) plaintiffs and class representatives Robert Adkins, James Smith and Chad S. Thompson (the “Class Representatives”), on behalf of themselves and on behalf of the class described below; and (2) the USW (as defined below). The Class Representatives and USW are jointly referred to as “Plaintiffs.”

(b) **Defendants.** The “Defendants” are Special Metals Corporation (“SMC”); Precision Castparts Corp. (“PCC”); and Huntington Alloys Corporation (“HAC”), in their respective corporate capacities; and Special Metals Corporation and Huntington Alloys Corporation in their collective capacity as a residual fiduciary of the VEBA. These parties are jointly referred to as “Defendants.” Excluded from the definition of “Defendants” are those persons or entities (including the VEBA and its Current Trustees (as defined and described in paragraph 1(d) below) who have been named as defendant parties to the action necessary for just

adjudication of the claims pursuant to Rule 19(a) of the Federal Rules of Civil Procedure (“FRCP”).

(c) The Class. The “Class” consists of approximately 1500 individuals and is defined as

(i) All former employees of SMC, HAC, or any of their predecessors who, before January 5, 2010, were represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, and who have received or have satisfied the requirements to receive retiree health care benefits under the applicable collective bargaining agreements and/or under the current eligibility requirements of the governing documents of the VEBA, described below (herein, “Retirees”); and

(ii) Deceased Retirees’ spouses who also received or satisfied the requirements to receive such benefits; and spouses of former employees who were represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, who died during the period of their employment with SMC, HAC or any of their predecessors with such deaths occurring before January 5, 2010, and who also have received or have satisfied the requirements to receive such benefits (herein, both categories of spouses are referred to as “Surviving Spouses”); and

(iii) Dependents (including dependent spouses of living Retirees and dependent children) of either Retirees and Surviving Spouses, who also have received or satisfied the requirements to receive such benefits (herein, “Dependents”); and

(iv) Persons who were, on or after January 5, 2010, employees of SMC, HAC, or any of their predecessors represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, who were hired on or prior to November 1, 2008, and who because of their employment may eventually satisfy the requirements to receive such benefits (herein, "Employees").

The Class includes, but is not limited to, all participants and beneficiaries of the VEBA and all persons who have received benefits from the VEBA as of the date of this Agreement. To the extent deemed necessary, the Class may be divided into subclasses.

(d) VEBA. The term "VEBA" refers to The Special Metals Corporation Retiree Benefits Trust, settled and established under relevant West Virginia law on November 26, 2003, by SMC, which has as its current trustees Tim Dean, Carl Hall, Jeanette Stump, Robert Hennessey, Arlene Qualls and Kerry Winters ("Current Trustees"). The parties acknowledge that the VEBA was intended to qualify as exempt from federal income taxation under Section 501(c)(9) of the Internal Revenue Code and was determined by the Internal Revenue Service to so qualify in form. The VEBA (designated in the Complaint as "the Benefits Trust") and its Current Trustees have been joined as parties to the action necessary for just adjudication of the claims pursuant to Rule 19(a) of the Federal Rules of Civil Procedure ("FRCP").

(e) Class Member. The term "Class Member" refers to any member of the class.

(f) USW. The term "USW" refers to plaintiff United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (formerly known as United Steelworkers of America, AFL-CIO-CLC), as well

as any of its predecessor entities, or any of these three of its local union affiliates: Local Union 40, Local Union 7153, and Local 2693-A.

(g) ERISA. The term “ERISA” refers to the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. Sections 1001 et seq.

(h) LMRA. The term “LMRA” refers to the Labor Management Relations Act, as amended.

(i) The Court. The term “Court” refers to the United States District Court for the Eastern District of Kentucky, Ashland Division.

(j) The Lawsuit. The term “the Lawsuit” shall refer to the case captioned Robert Adkins, et al. v. Special Metals Corporation, et al., Case No. 09-cv-00116-HRW, in the United States District Court for the Eastern District of Kentucky, Ashland Division.

(k) Class Representative. The term “Class Representatives” refers to plaintiffs Robert Adkins, James Smith and Chad S. Thompson on behalf of themselves and as representatives of the Class.

(l) Company. The term “Company” shall refer to PCC, HAC, and SMC, and their predecessors, successors, parents, subsidiaries, and affiliates.

(m) Settlement Amount. The term “Settlement Amount” refers to the single, one-time contribution of \$38 million as described in paragraph 5, below.

(n) Effective Date. The term “Effective Date” refers to the date on which all conditions described in Paragraph 14(a) of this Agreement have been satisfied.

2. The Claims and the Dispute. In the Lawsuit, Plaintiffs claim that Defendants, wrongfully and unilaterally, directly or indirectly, have reduced or cancelled vested health benefits, have reduced or cancelled future funding of the VEBA, or have asserted the right to do

so, contrary to collectively-bargained promises of health benefits for retirees and others in the class. USW sued under Section 301 of the Labor-Management Relations Act ("LMRA"), 29 U.S.C. Section 185. The Class Representatives sued for themselves and the class under LMRA Section 301 and Section 502 of ERISA, 29 U.S.C. Section 1132. Defendants deny any liability and wrongdoing, dispute that there were promises of lifetime health benefits, dispute that any health benefits are vested, and assert the legal right to reduce and/or cancel health benefits for class members.

3. **Settlement.** In the course of the Lawsuit and beforehand, the parties investigated and evaluated the disputed issues, assessed one another's positions and viewpoints, recognized that each side has advanced substantial arguments in support of that side's position, and recognized that the resolution of the disputed issues through continued litigation would entail prolonged hardship for class members and substantial expense, accompanied by a risk that one side or the other could suffer an adverse result. Accordingly, the parties engaged in negotiations, reached a mutually-acceptable compromise, and agreed to settle the lawsuit to end the uncertainties and risks of continued litigation and to achieve a final resolution of the lawsuit which provides for continued health benefits for class members, as detailed in this Agreement. In general, SMC will (a) provide \$38,000,000 to fund a pre-existing VEBA to resolve the lawsuit and to be used solely to fund health benefits for Class Members into the future and (b) establish a Reserve Fund to pay reasonable attorneys' fees and expenses, with any remainder being paid to the VEBA, in exchange for a release of all future liability to provide or fund retiree health benefits.

4. **Approval Process.** Pursuant to FRCP Rule 23(e), the parties will seek approval by the Court of the settlement on the terms specified in this Agreement. They will seek the

Court's preliminary approval of the settlement, this Agreement, and a notice for distribution to all class members. They will provide the Court with the proposed notice attached as Exhibit A. They will distribute the Court-approved notice along with a copy of this Agreement to all class members by first-class mail to each class member's last known address, with SMC undertaking the expense of printing, mailing, and the administration of the notice process and compliance with any other Court-directed notice and distribution requirements. The parties will participate in the Court hearing specified in the approved notice and will ask that the Court (1) find that the settlement is fair, reasonable, and adequate and in compliance with FRCP Rule 23 and other legal requirements and (2) enter judgment reflecting these findings and approving the settlement.

5. **Settlement Payments and VEBA Funding.** SMC will make or cause to be made a one-time cash contribution to the VEBA in the total amount of \$38 million within ten (10) business days after the completion of the events described in paragraph 14(a), below. Payment of the Settlement amount pursuant to the terms of this Agreement will satisfy all claims made in the Lawsuit, including all alleged damages incurred by Plaintiffs and Class Members related to retiree health benefits claimed in the Lawsuit.

6. **Establishment of a Reserve Fund.** Provided that the parties are making substantial progress towards the completion and satisfaction of the terms of this Agreement, on or before March 1, 2010, Defendants will set aside \$200,000 as a reserve fund ("Reserve Fund") to an account at a financial institution designated by Plaintiffs' counsel, to be used to pay and reimburse Plaintiffs' attorneys' fees and expenses associated with the lawsuit and settlement of the lawsuit, as approved by the Court. Any interest earned on the \$200,000 in the Reserve Fund will be applied pro rata to the uses made of those funds, with all of the Reserve Fund not used for attorneys' fees and expenses (and the interest allocated to such unused funds) payable to the

VEBA after all Court-approved Plaintiffs' attorneys' fees and expenses have been paid from the Reserve Fund.

7. **Relinquishment of Control.** The USW and the Company shall take such direct and indirect steps as may be necessary or advisable to cause or permit the Company to relinquish all direct or indirect control over the VEBA to a board of trustees (the "Future Board") which shall thereafter function as the sponsor, "named fiduciary" and plan administrator of the VEBA for purposes of ERISA. The Board will be constituted and operate in a manner which comports with all relevant provisions of both the Taft-Hartley Act and the LMRA, and will consist of (i) two individuals appointed by the International President of the USW ("Union Trustees"), initially consisting of Jeanette Stump and Tim Dean, and (ii) two individuals who upon their appointment shall have no affiliation with either the Company or the USW (the "Public Trustees") as further specified in the revised governing instruments of the VEBA, initially consisting of James T. Carney and Howard Kline; (iii) one individual elected by, and from among, the retired eligible VEBA participants ("Retiree Trustee").

8. **Reformation of the VEBA Governing Instruments.** The Current Trustees shall amend the VEBA's governing instruments by adopting an Amended and Restated Trust Agreement, the form for which will be agreed upon by the parties and presented to the Court as part of their motion for preliminary approval of the settlement. That Amended and Restated Trust Agreement shall contain ordinary and customary terms and:

- (a) shall define the term, "VEBA Eligible Participant" to mean those individuals who (1) were hired on or prior to November 1, 2008 by SMC or a predecessor-in-interest thereto,
- (2) are, or at one time were, members of those bargaining units represented by the USW or its Local Unions 40 (Huntington), 7153 (Burnaugh) or 2693-A (Dunkirk) (or their

predecessors), and (3) upon termination of employment with SMC (or a predecessor-in-interest or successor-in-interest thereto) received or were entitled to receive, or in the future become entitled to receive, a monthly pension (other than a deferred vested pension) from either (i) the Steelworkers Pension Trust, or (ii) the Pension Plan for Hourly Rated Employees of Special Metals Corporation at the Dunkirk, New York, Press Plant, or (iii) the now-terminated Huntington Alloys Corporation Retirement Plan for Hourly Paid Employees based on the terms of each such Plan as in effect on the date of this Agreement.

(b) shall alter the governing structure of the VEBA, putting in place a new board of trustees consisting of the Future Board described in paragraph 7 above.

(c) shall specify that the initial Retiree Trustee shall as soon as practicable be elected by, and from among, the retired eligible VEBA participants and be eligible to run again in an election for a successor Retiree Trustee; that any Retiree Trustees may serve for maximum of seven years and be eligible to run again in an election for a successor Retiree Trustee; that the Retiree Trustee and the Public Trustees will be paid a quarterly stipend of \$1500 or such other amount as may be deemed appropriate; that any vacancy arising among the Public Trustees shall be filled by an individual appointed by a majority vote of the Trustees then remaining, with the remaining Public Trustee having one vote, the Retiree Trustee having one vote, and the Union Trustees each having one-half vote, provided that any vacancy arising among the Public Trustees that cannot be so filled (including, without limitation, multiple vacancies resulting in a tie vote) shall be filled by order of a court of competent jurisdiction.

9. **Amendment of VEBA.** The governing documents of the VEBA shall be amended to ensure that the benefits the VEBA provides, or in the future may provide, inure only to the benefit of VEBA Eligible Participants and their VEBA-eligible beneficiaries.

10. **Notice to Participants.** Within ten (10) business days following the completion of the actions described in paragraph 14(a) below, the Company and the USW jointly will publish and send to all VEBA Eligible Participants a written notice which summarizes and explains the terms of this Agreement in a manner reasonably calculated to be understood by said Participants.

11. **Defendants' Limited Role.** Defendants' responsibilities with regard to the VEBA are limited to the payment of the Settlement Amount specified in paragraph 5, the payment for the Reserve Fund described in paragraph 6, the relinquishment of control described in paragraph 7, and the notice described in paragraph 10. Defendants are not and will not become, by virtue of this Agreement, VEBA sponsors, fiduciaries, trustees, or administrators, and shall have no obligations or authority or responsibilities (beyond the payment of the Settlement Amount) for (1) funding the VEBA, (2) paying for ongoing administrative costs of the VEBA, (3) managing VEBA assets or operations, (4) otherwise conducting VEBA business, or (5) monitoring or overseeing the Board's discharge of its responsibilities.

12. **Cooperation.** The parties intend to implement this Agreement and will use their best efforts to do so and will diligently undertake such action as may be necessary to implement this Agreement or such other settlement as may become necessary to conform to legal requirements consistent with the material terms and purposes expressed in this Agreement. The parties will cooperate with each other and the VEBA as directed in this Agreement to implement this Agreement.

13. **Legal Compliance.** The parties understand that the terms of this Agreement are consistent with the ERISA and with Section 302(c)(2) of the LMRA, 29 U.S.C. Section 186(c)(2). In the event that the terms of this Agreement are determined by appropriate authorities to be out of compliance with legal requirements (including but not limited to those that may be imposed through health coverage reform legislation), the parties will make best efforts to immediately modify the terms of this Agreement and the VEBA consistent with their material purposes so as to eliminate any legal barriers. In the event that they are unable to eliminate legal barriers to settlement materially consistent with the terms of this Agreement after their best efforts, then this Agreement shall not become effective.

14. **Time of Payment.**

(a) This Agreement will become final and the one-time payment of \$38,000,000.00 described in paragraph 5, above will be due after (and only after) the Court enters judgment approving settlement and no later than the tenth business day following the earlier of: (1) the expiration of the 30-day appeal period from the Court's entry of judgment approving settlement, if no appeal is filed; or (2) if an appeal is filed, the final dismissal or withdrawal of the appeal or the affirmance of the judgment on appeal, including the expiration of the time for petitions for writs of certiorari or the written confirmation by all possible appellants that no such petition will be filed; or (3) if a petition for writ of certiorari is filed, the date when certiorari is denied or the judgment is affirmed by the U.S. Supreme Court or other action is taken by the Supreme Court that has the effect of approving or preserving a lower court's approval of the judgment.

(b) Should this Settlement not become final (as defined in paragraph 14(a) of this Agreement) by August 1, 2010, despite the parties' best efforts, Defendants will

make the \$38,000,000 payment to an account at a mutually agreed upon financial institution. Upon the satisfaction of the conditions precedent in paragraph 14(a), the principal sum and any interest shall be paid to the VEBA in satisfaction of the Company's payment obligation in paragraph 5.

(c) Should, however, the conditions described in paragraph 14 not occur for any reason, then the principal and interest shall be returned promptly to Defendants.

15. **Post-payment responsibility.** Upon the payment of the Settlement Amount described in paragraphs 5 and 14(a) hereof, the Company will have no further contribution or other obligations to the VEBA with respect to the VEBA Eligible Participants and their eligible beneficiaries, or to any members of the class with respect to retiree medical health care coverage. In addition, upon the payment of the Settlement Amount described in paragraphs 5 and 14(a) above, the USW in future negotiations shall not seek to obligate SMC to provide retiree health care benefits to the VEBA Eligible Participants, provided that, to the extent that may be proposed by the USW, the Company will cooperate to permit VEBA Eligible Participants to make non-employer contributions to the VEBA of amounts otherwise payable in profit sharing, COLA, wages and/or signing bonuses, and will cooperate in the forwarding of such contributions to the VEBA at the individual employee's voluntary request. Any such contributions shall not constitute employer contributions or imply any obligation for the making of employer contributions. Defendants are not responsible for assuring that Settlement Amount is used for the sole and exclusive benefit of the class; once these payments are properly made, the funds paid to the VEBA are the sole responsibility of the Board.

16. **Exclusive Board Authority.** The Parties acknowledge and agree that, following the completion of the reformation process described in paragraphs 7, 8, and 9 above and the

payment of the Settlement Amount described in paragraphs 5 and 14(a) above, the Future Board shall have the sole and exclusive discretionary authority to (a) determine the level(s) and amount(s) of benefits to be provided by the VEBA to VEBA Eligible Participants and their eligible beneficiaries, and (b) establish (and modify, if necessary or appropriate) the terms and conditions such Participants and beneficiaries must satisfy to qualify for such benefits (including without limitation, all relevant contribution, co-payment and coverage coordination requirements, and the availability of alternative and supplemental coverage(s)), and that the Company shall have no such authority or responsibility.

17. **Conditions of settlement and termination.** This Agreement is subject to the fulfillment of the following conditions precedent, and will not be final unless and until the Court enters judgment approving settlement that is materially consistent with the terms of this Agreement and the lawsuit is resolved as to all parties with finality by the occurrence of one of the events listed in paragraph 14(a). The actions contemplated in paragraphs 7, 8, and 9 of this agreement shall be undertaken promptly after the completion of such event. If despite the best efforts of the parties, judgment approving a materially consistent settlement cannot be obtained, this Agreement shall terminate unless all parties agree in writing to proceed with the Agreement or some alternative to it. In the event that this Agreement is terminated, and no alternative settlement is agreed to, the positions of the parties shall return to pre-settlement status. In the event that these conditions are satisfied and the settlement becomes final, at that time the releases provided in paragraph 18 below will be effective.

18. **Release of all claims.**

(a) **Release of Defendants.** In consideration of the payment of the Settlement Amount, all Plaintiffs and Class Members, and anyone else asserting any claim on behalf of or

through any Plaintiff or Class Member, including but not limited to their heirs, executors, administrators, agents, attorneys, representatives, and assigns, fully, finally, and forever release Defendants, and Defendants' past and present parent corporations, affiliates, subsidiaries, predecessors, successors, assigns, distributors, related companies or entities, divisions, joint ventures, employee benefit plans, including the plans' past and present trustees, fiduciaries, administrators, and vendors, and Defendants' and the plans' past or present officers, directors, partners, insurers, agents, representatives, attorneys, consultants, advisors, investors, shareholders, and employees, from any and all claims, rights, demands, obligations, actions, causes of action, debts, liens, contracts, liabilities, agreements (other than this Agreement), attorneys' fees (except as provided for in this Agreement), costs (except as provided for in this Agreement), restitution claims, and expenses of any nature, whether now known or unknown, for entitlement to retiree health benefits, whether any such claim or other obligation is asserted or arises under LMRA, ERISA, or any other federal, state, or local statutes, regulations, ordinances, or under the common law, which any Plaintiff or Class Member has, had, or may in the future have, against any Defendant which relate to retiree health care, provision or payment for retiree health, or to the facts, transactions, occurrences, conduct, representations, events, or circumstances alleged or which could have been alleged in the lawsuit relating to health benefits for Class Members. Upon payment of the Settlement Amount, Defendants shall have no further financial or legal obligation to provide post-employment welfare benefits (other than those life insurance benefits prescribed under the SMC Retiree Group Term Life Insurance Plan) to or for the benefit of VEBA-Eligible participants, or their eligible beneficiaries. This release will not apply, however, to disputes as to interim payments that may be claimed to be due between June 1, 2010, and the Effective Date of this Agreement. The parties intend that this release be

construed to the fullest extent possible as a full and final release of all claims raised in the lawsuit and a complete and final resolution of Defendants' obligations, if any, to provide Plaintiffs and Class Members with health benefits. This release also shall not apply to non health-related pension benefits or to any other obligations unrelated to retiree health or medical benefits that Defendants may have to any Plaintiff or Class Member arising under collective bargaining agreements or otherwise. This release will not apply to benefits to which Defendants may obligate themselves subsequent to the Effective Date of this Agreement that are unrelated to the claims asserted in the Lawsuit provided that the modification provisions contained in Paragraph 29 of this Agreement have strictly been adhered to.

(b) **Release of Plaintiffs.** In consideration of the release extended to Defendants above, Defendants release Plaintiffs, Class Members, Class Representatives and their representatives, including their attorneys, from all claims related to the Lawsuit, including the litigation and settlement of the Lawsuit, and any transaction or occurrence that is the subject of the Lawsuit, including but not limited to all claims for litigation costs and expenses and attorney fees.

(c) **Release of FRCP Rule 19 Defendants.** In consideration of the release extended to Defendants above, Defendants and Plaintiffs release the VEBA and the VEBA's Current Trustees (Tim Dean, Carl Hall, Jeanette Stump, Robert Hennessey, Arlene Qualls and Kerry Winters) and their representatives, including their attorneys, from all claims related to the Lawsuit, including the litigation and settlement of the Lawsuit, and any transaction or occurrence that is the subject of the Lawsuit, including but not limited to all claims for litigation costs and expenses and attorneys' fees.

(d) **Continued authority to enforce settlement.** The releases set out in paragraphs 18(a) and 18(b) shall not limit the parties' right to enforce this Agreement or any court order regarding the settlement and resolution of the lawsuit.

19. **Termination in the event of inability to meet conditions or for legal noncompliance.** If (1) the conditions specified in paragraph 14(a) cannot be met despite the parties' best efforts or if necessary legal compliance addressed in paragraph 14(a) cannot be attained despite the parties' best efforts, and (2) if the parties are unable despite their best efforts to agree to an alternative settlement to serve the purposes of resolving the lawsuit and providing class members with health benefits into the future, the positions of the parties shall return to what those positions were before the settlement, the parties may continue the lawsuit, and the terms of this Agreement and the events regarding settlement shall be subject to Fed. R. Evid. 408.

20. **Authority of Class Counsel.** All parties, including the Class Representatives on their own behalf and on behalf of the Class, authorize class counsel, i.e., Cook, Portune & Logothetis, LLC, to take all appropriate action to implement this Agreement and the Court orders related to settlement. The Current Trustees of the VEBA shall have the full authority and responsibility for governance of the VEBA in accordance with the Trust Agreement, including authority to engage or consult with legal counsel of its choice consistent with their powers and duties as set out in the Trust Agreement.

21. **Settlement Resolution of Negotiated Issue.** The Parties acknowledge and agree that this Agreement settles, resolves, and puts into effect the VEBA-related provisions set forth in the Special Metals Corporation Dunkirk Plant Labor Agreement which expires September 15, 2012 (the "Dunkirk Labor Agreement"), which provides that matters relating to VEBA eligibility and funding with respect to eligible Dunkirk employees and retirees would be discussed and

settled during the 2008 negotiations between SMC and USW Local Union 40 and USW Local Union 7153. The resolution of any dispute arising out of or in connection with this Agreement is not subject to the grievance and arbitration provisions set forth in either the Dunkirk Labor Agreement or any other labor agreement reached prior to the Effective Date of this Agreement.

22. Attorneys' Fees.

(a) Class counsel and USW counsel are entitled to reasonable fees and expenses from the Reserve Fund described in Paragraph 6 of this Agreement and that Reserve Fund only. Class Counsel and Class Representatives will apply to the Court under FRCP Rule 23 and ERISA Section 502(g)(1) and any other applicable authority for approval of reimbursement and payment of reasonable attorneys' fees and costs incurred in the litigation and settlement of the lawsuit and in the implementation of this Agreement. Similarly, counsel for USW shall enter into a stipulation and proposed order with Defendants as to fees and expenses owed to them. These fees and expenses for Class Counsel and USW Counsel as approved by the Court, are payable out of the \$200,000 Reserve Fund and will be used to compensate counsel for their work, and to reimburse them for expenses advanced. Class Counsel and USW Counsel will seek Court approval of fees based on the "lodestar approach," which entails calculation using the number of hours reasonably expended on the litigation by attorneys and paralegals and law clerks multiplied by reasonable hourly rates, considering decisions of federal courts using this "lodestar approach" in retiree health benefits cases under ERISA and LMRA, and considering the Laffey Matrix and other indicators of federal litigator fee rates. Defendants will not oppose Class Counsel's application for approval of fees and costs (and will not oppose USW counsel's proposed stipulations) so long as they are consistent with this paragraph and so long as all counsel together seek no more than the \$200,000 from the Reserve Fund. Such fees and

expenses approved by the Court will be paid exclusively from the Reserve Fund, with any remaining balance or interest being paid to the VEBA.

(b) Should there be an appeal of the district court's approval of this settlement by someone other than any of the Plaintiffs, Defendants will make an additional one-time payment to the Reserve Fund described in paragraph 6 of \$75,000 to fund the defense of that appeal. The determination of the amounts to be paid from that fund will be governed by the same standards as described in paragraph 22(a), with any remaining balance or interest returned to Defendants.

(c) Except as provided for in this paragraph 22, no fees will be sought by or paid to any party or counsel in the lawsuit from the settlement amount. In particular, no fees or expenses will be sought by or paid to Defendants or defense counsel from the settlement amount and no fees will be sought by or paid to Class Representatives from the settlement amount. No Class Representative has received, or is entitled to receive, any fee for participating in the lawsuit or for serving as a Class Representative. No attorneys' fees or costs will be sought from or paid by Defendants from any source other than the Reserve Fund.

23. **No Admission of Liability.** Neither this Agreement nor any statement in this Agreement nor any action taken to implement this Agreement is an admission of liability for any act or omission claimed in the lawsuit on the part of Defendants or on the part of anyone associated with Defendants, all of whom deny liability. Nor is this Agreement or any statement in this Agreement or action to implement this Agreement an admission of any kind on the part of Plaintiffs with respect to this matter or any other. The parties enter into this Agreement solely to resolve disputed issues of fact and law for the purpose of achieving finality and ending the lawsuit with a mutually-acceptable compromise that will provide class members with health benefits into the future.

24. **Voluntary Signatures.** The parties have had a reasonable time to read and consider this Agreement, and to consult counsel regarding this Agreement, and represent by their signatures that they enter into this Agreement knowingly, voluntarily, and of their own free will, intending to be bound by its terms.

25. **Signatures in Counterparts; Photocopies.** This Agreement may be signed by the parties in any number of counterparts, which together will constitute a comprehensive Agreement. Accurate photocopies of the comprehensive agreement may be used as originals.

26. **Negotiation and Preparation.** The parties participated equally in the negotiation and preparation of this Agreement. This Agreement shall not be construed against any party as drafter.

27. **Disputes.** The Court will retain exclusive jurisdiction to resolve any disputes relating to or arising out of this Agreement or the enforcement, interpretation, or implementation of the terms of this Agreement, and each party submits to the jurisdiction of the Court for this purpose and waives any objection it might have to jurisdiction or venue.

28. **Governing Law.** This Agreement shall be construed in accordance with federal law to the extent applicable, and otherwise by Kentucky law.

29. **Modification.** This Agreement may not be modified except in writing signed by or on behalf of all parties and, as necessary, with Court approval. No modification of this Agreement shall be effective unless it (A) specifically references this Agreement; (B) identifies by numbered paragraph which provision(s) it is intended to modify; and (C) expressly states that it is intended to modify the provision(s) of the Agreement.

30. **Effects of Agreement.** Once implemented, this Agreement will have the following effects: (1) the obligation for all retiree health benefits provided by Defendants for

Class Members shall terminate at the time of the payment of the Settlement Amount, (2) the obligation for all retiree health benefits for class members shall become solely the responsibility of the VEBA in accordance with the terms of this Agreement and the VEBA. Defendants' obligations to make a one-time payment into the VEBA are fixed and capped as described in this Agreement.

31. **Complete Agreement.** This Agreement, including the VEBA's governing instrument, is the complete agreement between the parties. It supersedes any prior agreements and understandings, oral or written, addressing the subject matter of this Agreement.

FOR THE PLAINTIFF CLASS REPRESENTATIVES ROBERT ADKINS, JAMES SMITH, CHAD S. THOMPSON, AND THE CLASS

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Date

**FOR THE PLAINTIFF UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS
INTERNATIONAL UNION, AFL-CIO-CLC**

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FOR THE PLAINTIFF CLASS REPRESENTATIVES ROBERT ADKINS, JAMES SMITH, CHAD S. THOMPSON, AND THE CLASS

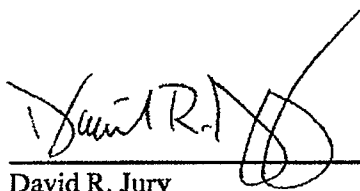
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January 28, 2010
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FOR THE PLAINTIFF UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION, AFL-CIO-CLC

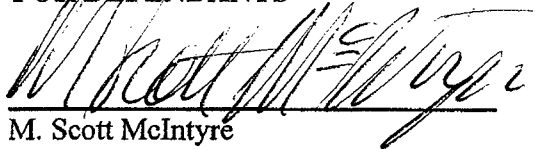
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*Attorneys for Defendants Special Metals Corporation;
Precision Castparts Corp.; and Huntington Alloys Corporation*


FOR THE FRCP RULE 19 DEFENDANTS

FOR THE SPECIAL METALS CORPORATION RETIREE
BENEFITS TRUST ("VBBA")

By _____
Chair of the Board of Trustees

Date

FOR THE VBBA TRUSTEES INDIVIDUALLY (AS TO THEIR COMMITMENTS IN
PARAGRAPHS 7, 8 AND 9 ONLY)



Tim Deart

1/26/10

Date

Carl Hall

Date

Jeanette Stump

Date

Robert Hennessey

Date

Arlene Qualls

Date

Kerry Winters

Date

FOR THE SPECIAL METALS CORPORATION RETIREE
BENEFITS TRUST ("VEBA")

By _____
Chair of the Board of Trustees

Date

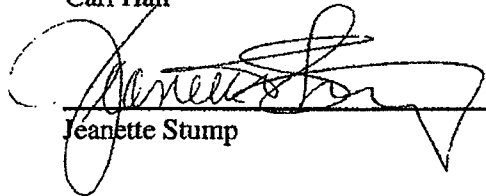
FOR THE VEBA TRUSTEES INDIVIDUALLY (AS TO THEIR COMMITMENTS IN
PARAGRAPHS 7, 8 AND 9 ONLY)

Tim Dean

Date

Carl Hall

Date



Jeanette Stump

01/27/2010
Date

Robert Hennessey

Date

Arlene Qualls

Date

Kerry Winters

Date

088030, 000052, 502671701.1

FOR THE SPECIAL METALS CORPORATION RETIREE
BENEFITS TRUST ("VEBA")

By _____
Chair of the Board of Trustees

Date

FOR THE VEBA TRUSTEES INDIVIDUALLY (AS TO THEIR COMMITMENTS IN
PARAGRAPHS 7, 8 AND 9 ONLY)

Tim Dean

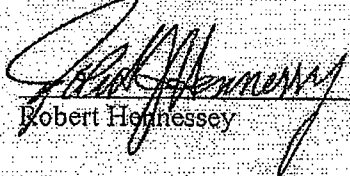
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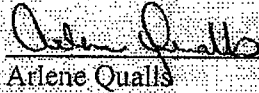
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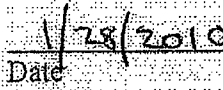
Jeanette Stump

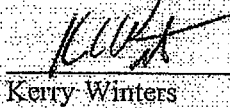
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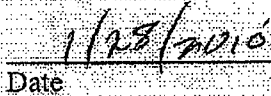

Robert Hennessey


Date


Arlene Qualls


Date


Kerry Winters


Date

088030, 000052, 502671701.1

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION

ROBERT ADKINS, et al.,

Plaintiffs,

v.

SPECIAL METALS CORPORATION,
et al.,

Defendants.

CASE NO. 09-cv-00116-HRW

Judge Henry R. Wilhoit, Jr.

**IMPORTANT NOTICE ABOUT YOUR FUTURE MEDICAL BENEFITS
FROM SPECIAL METALS NORTH AMERICA, INC.**

You should read this notice carefully if you (or a member of your family):

1. Worked for Special Metals Corporation (“SMC” or “Special Metals”), Huntington Alloys Corporation (“HAC”), or a predecessor company (which will be referred to collectively as “SMC” or “Special Metals”) in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, or currently work at those facilities, having been hired on or before November 1, 2008; and
2. Are or were represented by the United Steelworkers or a predecessor union in collective bargaining; and
3. Retired (or died) having received or having satisfied the requirements to receive retiree health care benefits under the applicable collective bargaining agreements and/or under the current eligibility requirements of the governing documents of the Special Metals Retiree Benefits Trust, or who – because of current employment -- may eventually satisfy the requirements to receive such benefits.

THIS NOTICE CONCERNS A PROPOSED CLASS ACTION SETTLEMENT.

**A FEDERAL COURT AUTHORIZED THIS NOTICE—IT IS NOT A SOLICITATION
FROM A LAWYER.**

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- 3. Why is this a class action?
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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family:

1. Worked for Special Metals Corporation, Huntington Alloys Corporation, or a predecessor company in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY; and
2. Were represented by the United Steelworkers or a predecessor union in collective bargaining; and
3. Retired (or died) before January 5, 2010, having received or having satisfied the requirements to receive retiree health care benefits under the applicable collective bargaining agreements and/or under the current eligibility requirements of the governing documents of the Special Metals Retiree Benefits Trust.

Or you or someone in your family:

1. Was, on or after January 5, 2010, an employee of SMC, HAC, or any of their predecessors represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY; and
2. Was hired on or before November 1, 2008; and
3. Who because of their employment may eventually receive, or satisfy the requirements to receive, retiree health care benefits under the applicable collective bargaining agreements and/or under the current eligibility requirements of the governing documents of the Special Metals Retiree Benefits Trust.

You were sent this notice because you have the right to know about a proposed settlement of a class action lawsuit and about your options before the Court decides whether to approve the settlement.

The Court in charge of this case is the United States District Court for the Eastern District of Kentucky, Ashland Division, and the case is known as *Adkins v. Special Metals*, Case No. 09-cv-00116-HRW. The persons who sued are called Plaintiffs and the people or entities they sued are called Defendants. The Plaintiffs who brought this suit are the United Steelworkers, as well as two retirees and an active employee from Special Metals who were represented by the United Steelworkers and who were affected by Special Metals' refusal to fund retiree health benefits. The Defendants are Special Metals and related corporations.

If the Court approves the settlement, and after any objections and appeals are resolved, your retiree health benefits will be paid from a trust fund operated separately and independently from Special Metals. The trust is what is known as a voluntary employees' beneficiary association or VEBA trust, and is referred to in this Notice as the VEBA. Special Metals will pay \$38 million

to the VEBA for the purpose of providing retiree health coverage for all Class Members, and will set aside another \$200,000 to pay attorneys' fees for services of Plaintiffs' counsel at the District Court level, with any unused amount being paid to the VEBA. Once the settlement receives final Court approval, Class Members will not be able to sue Special Metals to increase the level or scope of their retiree health benefits or to restore their previous retiree health benefits.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how those benefits will be provided.

2. What is this lawsuit about?

The VEBA was originally created when Special Metals emerged from bankruptcy in 2003, and its purpose was to provide retiree health benefits both to those already retired and to persons retiring in the future. The Board of Trustees of the VEBA consisted of three trustees appointed by the Union and three trustees appointed by the Company. The lawsuit arises out of Special Metals' announcement in late 2008 that it would refuse to fund the VEBA at levels that the United Steelworkers, the union-represented employees, and the retirees considered to be adequate. The failure to adequately fund the VEBA could have the effect of shifting a large part of the costs of retiree health benefits to retirees and their spouses. At the same time, Special Metals took the position that it was entitled to reduce funding further at any time, or even to terminate funding altogether. Ultimately, the United Steelworkers, two retirees, and an employee filed this lawsuit, and it alleges that Special Metals' refusal to adequately fund the VEBA violated federal laws known the Labor Management Relations Act (or LMRA) and the Employee Retirement Income Security Act (or ERISA). Special Metals disputes Plaintiffs' claims and contends that it was authorized to unilaterally refuse to fund the benefits.

3. Why is this a class action?

In a class action, one or more persons called Class Representatives sue on behalf of people who have similar claims. All of these people are a Class or Class Members. One court resolves the issues for all Class Members and all Class Members are bound by the court decision or settlement. United States District Judge Henry R. Wilhoit, Jr., is in charge of this class action.

4. Why is there a settlement?

The Court has not decided which parties are right in this lawsuit. By agreeing to a settlement, the parties avoid the costs and risk of a trial and an appeal, and the Class Members will get funding for future benefits. The Class Representatives and attorneys think the settlement is in the best interest of Class Members.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the settlement?

The Court has conditionally certified this suit as a class action, and the Class consists of persons who fit the following definition":

(a) All former employees of SMC, HAC, or any of their predecessors who, before January 5, 2010, were represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, and who have received or have satisfied the requirements to receive retiree health care benefits under the applicable collective bargaining agreements and/or under the current eligibility requirements of the governing documents of the Benefits Trust, described below (herein, "Retirees"); and

(b) Deceased Retirees' spouses who also received or satisfied the requirements to receive such benefits; and spouses of former employees who were represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, who died during the period of their employment with SMC, HAC or any of their predecessors with such deaths occurring before January 5, 2010, and who also have received or have satisfied the requirements to receive such benefits (herein, both categories of spouses are referred to as "Surviving Spouses"); and

(c) Dependents (including dependent spouses of living Retirees and dependent children) of either Retirees and Surviving Spouses, who also have received or satisfied the requirements to receive such benefits (herein, "Dependents"); and

(d) Persons who were, on or after January 5, 2010, employees of SMC, HAC, or any of their predecessors represented by the USW for purposes of collective bargaining in Burnaugh, Kentucky, or Huntington, West Virginia, or Dunkirk, NY, who were hired on or prior to November 1, 2008, and who because of their employment may eventually satisfy the requirements to receive such benefits (herein, "Employees").

The capitalized terms in the Class definition above, and elsewhere in this Notice, are defined in the parties' Settlement Agreement, a copy of which can be obtained by writing to Class Counsel or by visiting www.usw.org or www.employmentjusticelaw.com. There are approximately 1500 persons in the Class.

6. Do I need to do anything to join the case and share in the settlement?

You do not need to take any action to join the case. If the proposed settlement is approved by the Court, and you are a member of the Class, your retiree health benefits will continue, but may be altered in the future in the trustees of the VEBA decide that benefits should be re-designed in light of funding that is available.

7. Can I exclude myself from the settlement?

Unlike in some class actions, you do not have the option to exclude yourself (or “opt out”) of the class. If the settlement is approved, you will be bound by any judgments or orders that the Court enters in this case, you will be deemed to have released the Defendants from any and all claims that were or could have been asserted in this case, and you will not be able to sue the Defendants on those claims. Although you cannot exclude yourself from the case, you can object to the settlement and ask the Court not to approve it.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the settlement provide?

In summary, the settlement provides for the re-structuring of the governing Board of Trustees of the VEBA (so that Special Metals will have no part in running the VEBA), funding the VEBA with a contribution of at least \$38 million, and the payment of up to \$200,000 in attorneys’ fees for the work of Plaintiffs’ counsel in the District Court (with any unused amount being paid to the VEBA).

Funding of the VEBA and Attorneys’ Fees

Once the settlement becomes effective (which could be as early as June 2010), Special Metals will make a one-time cash contribution to the VEBA in the total amount of \$38 million. In addition, on March 1, 2010, Special Metals will set aside another \$200,000 for attorneys’ fees for the work of Plaintiffs’ counsel in the District Court, with any unused portion of the \$200,000 to be paid to the VEBA. In addition, should there be an appeal of the District Court’s approval of this settlement by someone other than any of the Plaintiffs, Defendants will make an additional one-time payment of \$75,000 for Plaintiffs’ counsel’s work on appeal. Payment of the Settlement amounts pursuant to the terms of this Agreement will satisfy all claims made in the Lawsuit, including all alleged damages incurred by Plaintiffs and Class Members related to retiree health benefits claimed in the Lawsuit. All of these amounts -- the \$38 million for the VEBA, the reserves of \$200,000 and possibly another \$75,000 for counsel fees with the unused portions going to the VEBA -- represent a compromise between the parties as to the issues involved in the case, and were extensively negotiated by the parties.

The Board of Trustees and Benefit Levels

After the settlement becomes effective, the VEBA will be administered by a Board of Trustees that will serve as a fiduciary. Special Metals will have no representative on that Board and Special Metals will not act for or on behalf of the Board. Instead, the Board will consist of five members, two of whom will be appointed by the United Steelworkers (“Union Trustees”), three of whom will not be affiliated with the United Steelworkers (“Public Trustees”), and one of whom will be elected by, and from among, the retirees (“Retiree Trustee”). The Board will have

the power to establish benefit levels, including the ability to raise or lower benefits for Class Members. The names and backgrounds of the initial Public Trustees are included in an attachment to this Notice.

9. When will the settlement amounts be paid and the new Board of Trustees take over administration of the VEBA?

The Court will hold a hearing at [insert time] on [insert date] to decide whether to approve the settlement. It may take the Court several weeks after the hearing before it decides. If the Court approves the settlement, there may be appeals. If appeals are filed, it is uncertain how long it will take to resolve them.

10. What am I giving up in the settlement?

Under this settlement, Class Members will give up or "release" the right to sue the Defendants and their affiliates over the same events and subject matter involved in this case, including whether the Defendants' refusal to fund retiree health benefits violated the Labor Relations Management Act (LMRA) or the Employee Retirement Income Security Act (ERISA), and any similar claims under state or federal law.

That means that even if you discover facts in the future that were not known at the time of the settlement, which you think demonstrate further violations by the Defendants related to this case, you may not sue them. Each class member assumes the risk that he or she may discover new information. Even if new information is discovered, the settlement will be binding.

You will retain your legal rights with respect to normal individual disputes about coverage of particular claims, amounts to be paid for claims, and similar day-to-day issues of plan administration.

THE LAWYERS REPRESENTING YOU

11. Do I have a lawyer in this case?

The Court has appointed the following lawyers to represent the Class:

David M. Cook
Jennie G. Arnold
Cook, Portune & Logothetis, LLC
22 W. 9th Street
Cincinnati, Ohio 45202

These lawyers are called Class Counsel. You will not be charged fees or expenses by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

12. How will the lawyers be paid?

No payment will be made to Class Counsel by Class Members or out of the \$38 million minimum amount to be paid to the VEBA. Under the proposed settlement, Special Metals will pay court-awarded attorneys' fees and expenses for Plaintiffs' counsel so long as counsel seek no more than \$200,000 for work in the District Court. Any amount of this \$200,000 not paid in counsel fees and expenses will be paid to the VEBA. If the case goes on appeal, another \$75,000 will be set aside for work of Plaintiffs' counsel on appeal, and any portion of the \$75,000 not used for counsel fees and expenses will be paid to the VEBA.

Class Counsel's motion and brief supporting its fee request for work on the District Court (including estimated fees and expenses for such future work) will be filed with the Court at least six weeks before the Fairness Hearing scheduled for **[insert date]**. USW counsel's stipulation as to its fee request will also be filed at that time.

In addition to objecting to the proposed settlement, any Class Member may also advise the Court about any objections he or she has to the adequacy of representation by Class Counsel or to Class Counsel's motion for attorneys' fees and expenses.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

13. What does it mean to object?

Objecting is simply telling the Court that you do not like something about the settlement. It will not have any bearing on your right to settlement proceeds if the settlement is approved.

14. How do I tell the Court that I don't like the settlement?

You can object to the settlement if you dislike any part of it, including the amount of the settlement or the fees requested by Class Counsel. You can give reasons why you think the Court should not approve the settlement. To object, you must send a letter saying that you object to the settlement in *Adkins v. Special Metals North America, Inc.*, Case No. 09-cv-00116-HRW. Be sure to include your name, address, telephone number, your signature, and reasons you object to the settlement (and, if applicable, the name, address and telephone number of your attorney). Mail the objection to all of the addresses below postmarked no later than **[insert date]**. You must mail your objection by this date.

United States District Court
Eastern District of Kentucky
336 Carl Perkins Federal Building
1405 Greenup Avenue
Ashland, KY 41101

David M. Cook
Jennie G. Arnold
Cook, Portune & Logothetis, LLC
22 W. 9th Street
Cincinnati, Ohio 45202

John R. Sheldon
David M. Cook
Jennie G. Arnold
COOK, PORTUNE & LOGOTHETIS, LLC
22 W. 9th Street
Cincinnati, OH 45202

*Attorneys for Plaintiffs Class Representatives
Robert Adkins, James Smith, and Chad Thompson*

M. Scott McIntyre
BAKER & HOSTETLER LLP
312 Walnut Street
Suite 3200
Cincinnati, OH 45202

*Attorney for Defendants Special Metals
Corporation; Precision Castparts Corp. and
Huntington Alloys Corporation*

David M. Fusco
Schwarzwald McNair & Fusco LLP
616 Penton Media Bldg.
1300 East Ninth St.
Cleveland, OH 44114-1503

*Attorney for Defendants Special Metals Retiree
Benefits Trust, Robert Hennessey, Arlene Qualls,
Kerry Winters, Tim Dean, Carl Hall and Jeanette
Stum*

Adrienne A. Berry
SEGAL, LINDSAY & JANES, PLLC
515 Park Avenue
Louisville, KY 40208

William T. Payne
STEMBER FEINSTEIN DOYLE & PAYNE, LLC
Pittsburgh North Office
1007 Mt. Royal Blvd.
Pittsburgh, PA 15223

Jon Cohn
STEMBER FEINSTEIN DOYLE & PAYNE, LLC
1705 Allegheny Building
429 Forbes Avenue
Pittsburgh, PA 15219

*Attorneys for the United Steel, Paper and Forestry,
Rubber, Manufacturing, Energy,
Allied Industrial and Service Workers
International Union, AFL-CIO/CLC*

If you fail to mail your objection in a timely manner, the Court will not consider it. Be sure to include "Case No. 09-cv-00116-HRW" on the first page of all documents.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you are not required to.

15. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at **[insert time]** on **[insert date]**, in Room , at the United States Courthouse, Carl D. Perkins Federal Bldg, 1405 Greenup Avenue, Ashland, KY 41101-7542 Ashland, Kentucky 41101-7542. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Judge will determine whether and to what extent parties will be permitted to address the Court at the hearing. The Court will also decide the amount of Class Counsel's fees and expenses. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

16. Do I have to go to the fairness hearing?

No, Class Counsel will answer questions the Court may have. You are, however, welcome to come at your own expense. If you send an objection, you do not have to go to Court to talk about it. As long as your objection is postmarked by **[insert date]** the Court will consider it. You also may pay your own lawyer to attend, but it is not necessary.

17. May I speak at the hearing?

You may ask the Court for permission to speak—with or without an attorney—at the Fairness Hearing. To do so, you must send a letter to the address indicated above in the answer to question 14, saying that it is your "Notice of Intention to Appear." Be sure to include your name, address, telephone number, and your signature (and, if applicable, the name, address and telephone number of your attorney). Your Notice of Intention to Appear must be postmarked no later than **[insert date]**.

IF YOU DO NOTHING

18. What happens if I do nothing at all?

The settlement does not require you to do anything and there is no penalty for doing nothing at all.

GETTING MORE INFORMATION

19. Are there more details about the settlement?

This Notice summarizes the proposed settlement. More details are in the parties' Settlement Agreement. You may obtain a copy of the Settlement Agreement by requesting a copy from Class Counsel or by visiting www.usw.org and www.stemberfeinstein.com.

You can also inspect any of the documents filed in this case, free of charge, by visiting the Clerk of Court, United States District Court for the Eastern District of Kentucky, United States Courthouse, Ashland, Kentucky 41101-7542, during regular business hours. You can purchase copies of those documents from the Clerk of Court.

20. How do I get more information?

You can call 1-888-339-0443 toll free to find answers to common questions about the settlement, plus other information to help you determine whether you are a Class Member. PLEASE DO NOT CONTACT THE COURT. Court personnel cannot or are not authorized to answer your questions.

DATE:

ATTACHMENT

PUBLIC TRUSTEES OF VEBA

James T. Carney (Public Trustee): Mr. Carney is a retired Vice President of U.S. Steel Corporation where he headed a staff of 60 which administered the various employee benefit plans sponsored by U.S. Steel. He was a member of the steel industry and USS employee benefit bargaining teams in negotiations with the USW between 1971 and 1999. Since retirement, he has been engaged in the private practice of law, specializing in ERISA litigation. He is a member of the Academy of Social Science. He has written a number of law review articles in the general labor and employment law area. He was a director of Advanced Health Corporation

Howard Kline (Public Trustee): Mr. Kline is a shareholder with the law firm Buchanan, Ingersoll & Rooney PC, where he has specialized in employee benefit plan matters, including retiree group health plans, for more than 19 years. Prior to joining the law firm, Mr. Kline served as Director of Compensation and Benefits at a Fortune 200 corporation, Counsel for Employee Benefits at the United Steelworkers of America, an associate attorney at a large Philadelphia, Pennsylvania law firm and as Counsel to the Pension Task Force of the United States House of Representatives. He also serves as a trustee for other VEBAs providing group health benefits to retirees. Mr. Kline served on the United States Department of Labor's Advisory Council on Employee Welfare and Pension Benefit Plans.

CLASS NOTICE
**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION**

Robert Adkins, *et al.*,

Plaintiffs,

vs.

Special Metals Corporation, *et al.*,

Defendants.

Case No. 09-CV-00116-HRW

NOTICE OF PENDENCY OF CLASS ACTION
AND PROPOSED SETTLEMENT

LEGAL NOTICE OF PROPOSED SETTLEMENT

If you have worked for Special Metals Corporation, Precision Castparts Corp. or Huntington Alloys Corp. and are or have been represented by the United Steelworkers, a settlement may provide funding for your retiree medical benefits and may affect your rights to such benefits. This settlement also applies to the dependents and surviving spouses of any such individuals.

A proposed settlement has been reached in a class action lawsuit involving Special Metals Corporation, Precision Castparts Corp. and Huntington Alloys Corp. and their labor agreements with the United Steelworkers. The action relates to the funding for retiree medical insurance under the applicable collective bargaining agreements. A federal court has preliminarily approved the settlement and has authorized this notice.

Am I a class member? You may be a class member if you currently or formerly worked for Special Metals Corporation, Precision Castparts Corp. or Huntington Alloys Corp. in Burnaugh, KY, Huntington, WV, or Dunkirk, NY, were covered by a collective bargaining agreement with the United Steelworkers, and have satisfied the requirements under the Special Metals Corporation Retiree Benefits Trust (the "Trust") to receive retiree medical benefits. The class also includes the surviving spouses and dependents of any such individuals, and certain current employees who may satisfy those requirements in the future.

What does the settlement provide? The settlement is not intended to change the terms of the benefits currently being paid by the Trust. The settlement provides for the payment of \$38,000,000 into the Trust to fund the cost of the retiree medical benefits. It also provides for changes in the governance of the Trust, including the appointment of certain new trustees who will manage its operations and its assets into the future. Upon payment of the \$38,000,000 amount, the employer will relinquish any control over or responsibility for the Trust. The settlement will also release the employer from any further obligation to fund the Trust or for any responsibility to the Trust or for retiree medical coverage. It also provides for payment of up to \$275,000 in attorney fees by the employer.

What are my options? If you agree with the settlement, you do not need to do anything. If you wish to object to the settlement, you must do so in writing no later than _____. Visit USW.org, www.employmentjusticelaw.com or call (513) 721-0044 for more details about the settlement and your rights.

The Court will hold a hearing at ____ on _____, 2010 to consider whether to give final approval the settlement and to approve the attorney fees, to which the employer does not object. You may attend the hearing, but are not required to do so. **Please do not contact the Court directly.**

For more information go to: USW.org, www.employmentjusticelaw.com or call (513) 721-0044.

You do not need to submit any claim form to participate in the settlement.

Any objections must be postmarked no later than _____.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY