

December 20, 2004

LOCAL UNIONS AND REGIONAL DIRECTORS

Re: KONE Eco3000 Agreement

Dear Brothers and Sisters:

Enclosed is a copy of the settlement with KONE over the Eco3000 and is self-explanatory.

With best wishes, I remain

Fraternally yours,

James H. Chapman, Jr.

Assistant to the General President

JHC/mrg

Encl.

Joseph M. Zaffuto

Director Employee & Labor Relations

October 28, 2004

KONE Inc.

One KONE Court

Moline, IL61265

Mr. Dana Brigham

General President, IUEC

7154 Columbia Gateway Drive

www.kone.com

Columbia, MD21046

joe.zaffuto@kone.com

RE: Eco 3000

Dear Dana,

The following is an offer of settlement regarding the design of balustrade brackets for the Eco3000.

1. With regards to universal brackets located on the incline, the company will create an *additional bracket* for that portion of the universal bracket relating to the balustrade components to be aligned in the field by Elevator Constructors. The *additional bracket* on the incline may be shipped attached with no more than one of its two attaching bolts securing the bracket to the unit.
2. With regards to the two pairs of split universal brackets located on both the upper and lower horizontal ends, the company will create an *additional bracket* for that portion of the universal bracket relating to the balustrade components.
3. The company will ship the last pair of the universal brackets located directly behind the front plates on the upper and lower horizontal ends unattached.
4. The company will implement the change no later than 90 days from the date of acceptance.

If the offer is accepted, the following will occur.

1. For all units being built during the period from date of acceptance of this offer and until implementation of the new design, the two pairs of split horizontal brackets located at the upper horizontal end will be removed, re-installed and "re-pinned" in the field. Also, the team performing the installation will receive additional pay equivalent to four team hours for each unit.

If there are any installations currently in progress that have now progressed to the point where the two pairs of split horizontal brackets located at the upper horizontal end cannot be removed, reinstalled and "re-pinned", the team performing the installation will receive additional pay equivalent to a total of eight team hours for each unit.

The company also agrees to furnish the union a list of the units scheduled to be built and shipped during this period.

2. The company will withdraw charges currently pending with the National Labor Relations Board against Local 33.

This offer of settlement is made without prejudice or precedent. This settlement shall be of no evidentiary value in any other matter with the exception of a dispute involving a question of compliance with the terms of this settlement.

If the above meets with your approval, please acknowledge by signing below. Of course, please feel free to call me if you have any questions.

Sincerely,

Joseph M. Zaffuto

Agreed

Dana Brigham,

General President, IUEC

Oct 28, 2004

Date

