

December 20, 2004

LOCAL UNIONS AND REGIONAL DIRECTORS

Re: Otis GeN2 Agreement

Dear Brothers and Sisters:

Enclosed is a copy of the settlement with Otis over the GeN2 and is self-explanatory.

As indicated on the attached diagrams, each unit is to be shipped in multiple sections (please see diagrams for numbered sections).

Please note that the issue of the sheaves on the crosshead and counterweight frame has not yet been settled.

With best wishes, I remain

Fraternally yours,

James H. Chapman, Jr.

Assistant to the General President

JHC/mrg

Encl.

OTIS / IUEC SETTLEMENT AGREEMENT

October 28, 2004

In full and final settlement of all issues related to Grievance IUEC-3 (excluding the dispute over the sheaves on the crosshead and counterweight frame), filed on or about November 5, 2003 and the dispute concerning pre-assembly of the GeN2, Otis and the IUEC agree as follows:

1. **Extended Duty Passenger / Rear Counterweight**

Car and Counterweight Dead-end Hitch Assemblies:

- The holes for the installation of the Counterweight Dead-end hitch assembly will be field-drilled
- The Counterweight Dead-end hitch assembly will be field-installed before hoisting the IMBS to its final location in the hoistway
- The Car Dead-end hitch assembly will be removed from the IMBS and installed in the field

Car slack rope device

- The Car slack rope device will be field-installed after hoisting the IMBS

Governor mounting bracket

- The holes in the outside channels for the installation of the Governor mounting bracket will be field-drilled
- The Governor mounting bracket will be field-installed before hoisting the IMBS to its final location in the hoistway

Governor mounting frame:

- The governor mounting frame will be field-installed before hoisting the IMBS to its final location in the hoistway

Rail alignment tool:

- The holes in the outside channels for installation of the rail alignment tools will be field-drilled
- The rail alignment tools will be field-installed before hoisting the IMBS to its final location in the hoistway

Connection Point Between Bedplate and Outside Channels

- Otis will redesign the connection point between, the bedplate and the, outside channels
- The bedplate and outside channels will be shipped. separately and assembled in the field
- The holes on the outside channels for the connection between the bedplate and outside channels will be field-drilled
- All of this work will be performed before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be drilled before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be provided with 1/4 inch (or the metric equivalent) pilot holes, except for the holes for the Counterweight dead end hitch assembly, the Governor mounting bracket and the Rail alignment tools, for which 2 pilot holes will be provided for each component

All bolts must be torqued to the specified values and the supervisor shall certify that this has been done.

2. **Extended Duty Passenger / Side Counterweight**

The IMBS is shipped in two pieces that are assembled in the field before hoisting the IMBS to its final location in the hoistway.

Car and Counterweight Dead-end Hitch Assemblies:

- The holes for the installation of the Counter weight Dead-end hitch assembly will be field-drilled
- The Counterweight Dead-end hitch assembly will be field-installed before hoisting the IMBS to its final location in the hoistway
- The Car Dead-end hitch assembly will be removed from the IMBS and installed in the field

Car slack rope device

- The Car slack rope device will be field-installed after hoisting the IMBS

Governor mounting frame:

- The holes in the outside channels for the installation of the Governor Mounting frame will be field-drilled
- The governor mounting frame will be field-installed before hoisting the IMBS to its final location in the hoistway

Rail alignment tool:

- The counterweight side Rail alignment tool will be field-installed before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be drilled before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be provided with 1/4 inch (or the metric equivalent) pilot holes, except for the holes for the Counterweight dead end hitch assembly and the Governor mounting frame, for which 2 pilot holes will be provided for each component

All bolts must be torqued to the specified values and the supervisor will certify that this has been done.

3. **Extended Duty Hospital / Side Counterweight**

Car and Counterweight Dead-end Mob Assemblies:

- The holes for the installation of the Counterweight Dead-end hitch assembly will be field-drilled
- The Counterweight Dead-end hitch assembly will be field-installed before hoisting the IMBS to its final location in the hoistway
- The Car Dead-end hitch assembly will be removed from the IMBS and installed in the field

Car slack rope device

- The Car slack rope device will be field-installed after hoisting the IMBS

Governor mounting frame:

- The holes in the outside channels for the installation of the Governor mounting frame will be field-drilled

- The governor mounting frame will be field-installed before hoisting the IMBS to its final location in the hoistway

Rail alignment tool:

- The counterweight side Rail alignment tool will be field-installed before hoisting the IMBS to its final location in the hoistway

Connection Point Between Bedplate and Outside Channels

- Otis will redesign the connection point between the bedplate and the outside channels
- The bedplate and outside channels will be shipped separately and assembled in the field
- The holes on the outside channels for the connection between the bedplate and outside channels will be field-drilled
- All of this work will be performed before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be drilled before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be provided with 1/4 inch (or the metric equivalent) pilot holes, except for the holes for the Counterweight dead end hitch assembly and the Governor mounting frame, for which 2 pilot holes will be provided for each component

All bolts must be torqued to the specified values and the supervisor will certify that this has been done.

In addition, for all of the above three arrangements, the following applies:

A. **Deflector Sheaves**

- (i) Field installation of counterweight deflector and car side deflector sheaves.
- (ii) Those sheaves will be installed before hoisting the IMBS to its final location in the hoistway

B. Sheave Keeper Plates

- (i) The holes in the sheave keeper plates will be drilled in the field
- (ii) The sheave keeper plates will be bolted into position in the field before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be drilled before hoisting the IMBS to its final location in the hoistway

All field-drilled holes will be provided with 1/4 inch (or metric equivalent) pilot holes

All bolts must be torqued to the specified values and the supervisor must certify in writing that he/she has done so.

- 4. Otis will dismiss with prejudice Case No. 1:03-cv-1247 (LJM) in the U.S. District Court for the Southern District of Indiana.
- 5. Drawings of the models in question, including modifications discussed herein, shall be provided to the Union and considered a part hereof.
- 6. For every GeN2 installation completed prior to the date of this Agreement, or which is in progress and beyond a point at which the terms of this Agreement may be implemented thereon, Otis shall pay to employees on the job four (4) team hours at the contractual wage rate plus fringes.

7. Arbitrator Goldstein is appointed by the parties to resolve any disputes over implementation of this agreement the parties cannot resolve directly.

8. Otis will in good faith make every reasonable effort to implement the terms of this Agreement by January 15, 2005. Should the Union believe the Company is not honoring this commitment, the Union may seek an immediate hearing before Arbitrator Goldstein.

AGREED:

AGREED:

10/28/04

Otis Elevator Company
Elevator

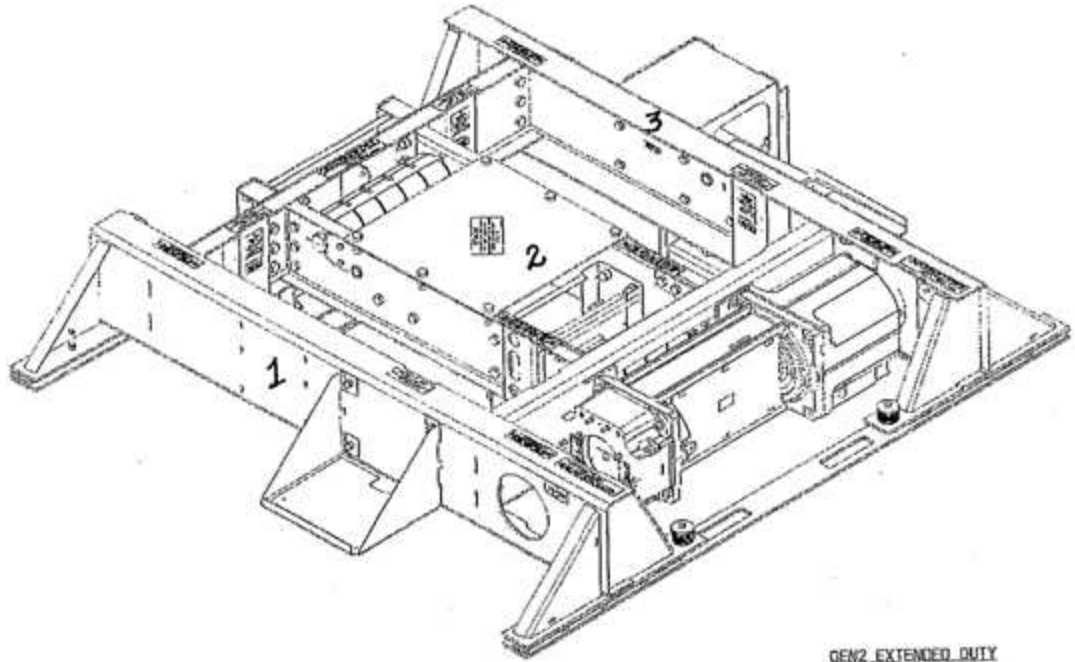
International Union of

Constructors

GEN2 EXTENDED DUTY

PASSENGER REAR CWT.

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GEN2 EXTENDED DUTY
PASSENGER REAR CWT.

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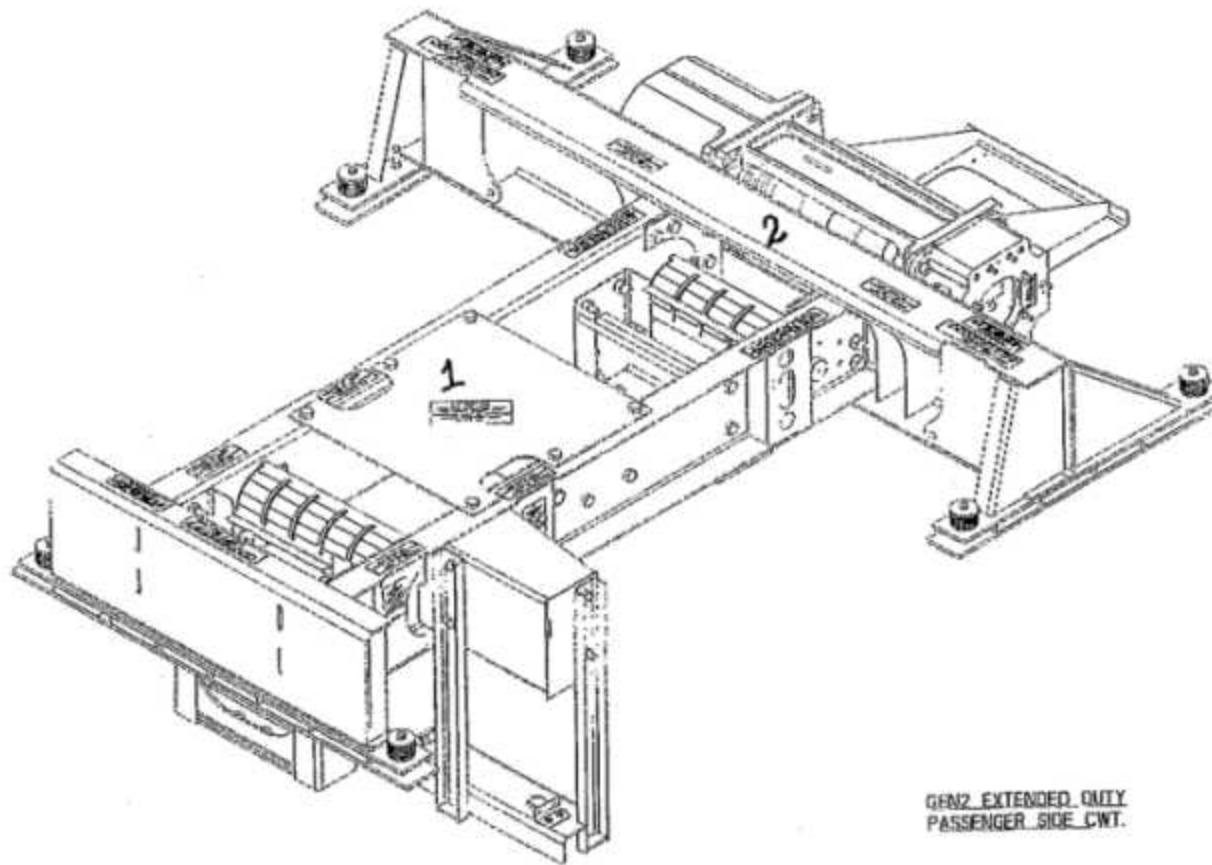
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PASSENGER SIDE CWT.

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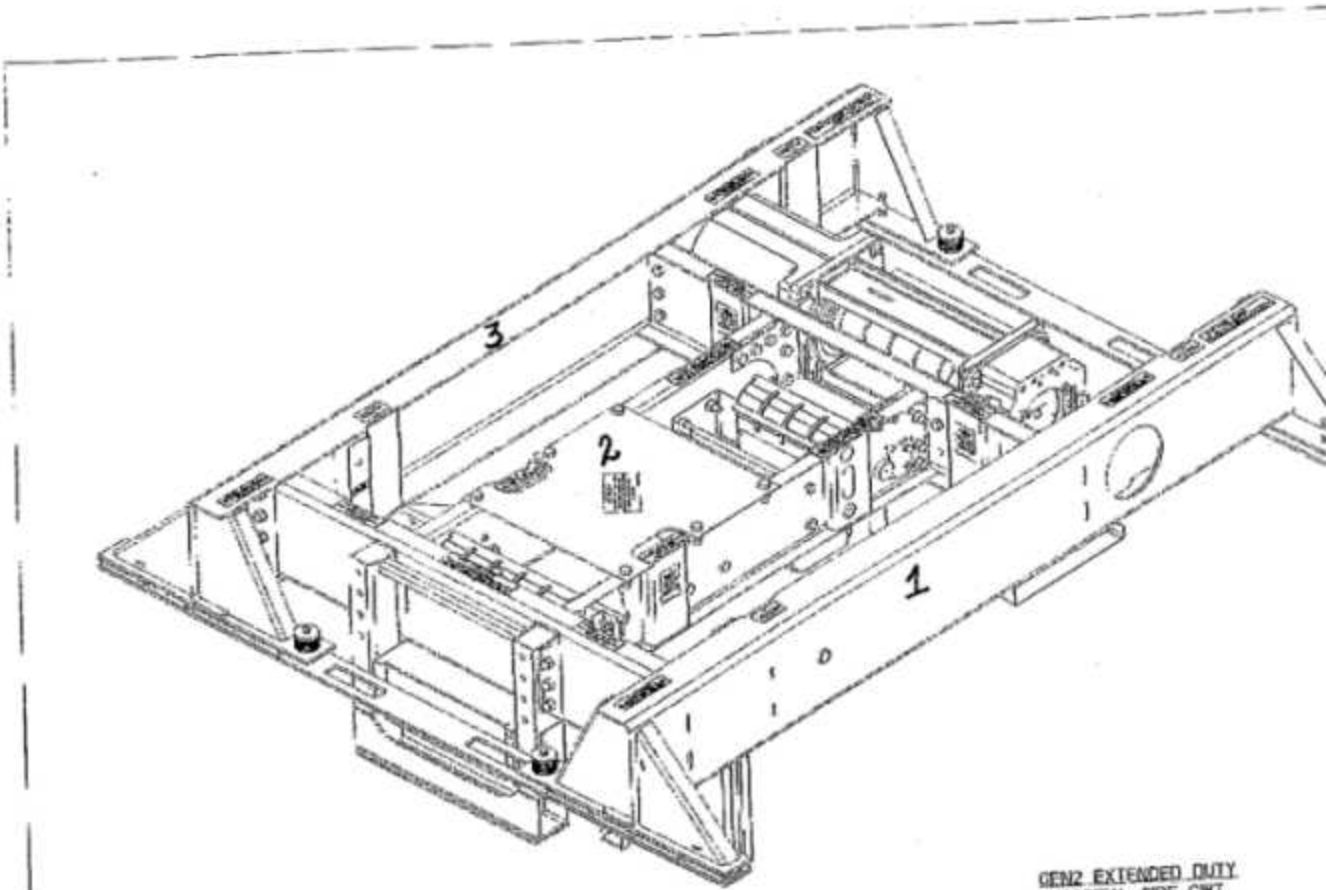
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