Pro-CGW agreements
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TO: Mr. Amory Houghton, Jr.

cc: Mr. R. L. Waterman
Mr. P. P. Hunt
Mr. Thomas Waaland

FROM: J. H. Allen JHA

DATE: August 28, 1969

SUBJECT: Pittsburgh-Corning Benefits Proposal

Last Friday I met at Pittsburgh with Mr. Stanley Williams from PPG Industries and Messrs. Brittingham, Bierer, Maston and Kelley of Pittsburgh-Corning to review their final proposal for an improved benefits program for their salaried employees. They intend to submit this plan for approval to the Pittsburgh-Corning September Board meeting.

Previously extensive discussions of the plan were held here in Corning with Messrs. Waaland, Hunt, Aanestad and Allen, and similar discussions were conducted with PPG officials. Many revisions from their original proposals have been made as a result of suggestions made by PPG and CGW people. In general the final proposal is somewhat more similar to PPG programs than to CGW's, and again, in general, is not quite as liberal as CGW's benefit package, but represents a significant improvement over Pittsburgh-Corning's current program.

I recommend approval of the program.

The features of the new plan can be summarized briefly as follows:

1.) Group Life Insurance

Proposal allows for more group life insurance being available to salaried employees with a plan identical to PPG's. This plan allows for an employee choice of a spouse's benefit between the ages of 55 and 65. (CGW spouse benefit feature is part of our pension plan.) The proposal also allows for an additional choice by employees to carry, entirely at their own cost, additional life insurance up to age 55 in an amount equal to CGW's plan.

PLAINTIFF'S EXHIBIT WV-11150

PLAINTIFF'S EXHIBIT 95640

WV-11150

2.) Long Term Disability

A formal long term disability plan is proposed, identical to PPG's plan, and similar in many respects to what we will be proposing for CGW for 1970.

3.) Hospital and Surgical Insurance

Their basic plan, modified in 1968, is left virtually intact with a few very modest improvements proposed in the Diagnostic, X-Ray and Laboratory benefits.

Pension Plan

Changes proposed in their pension plan will:

1.) Provide the first updating since 1953. Updating is based on 1968 actual earnings on base pay only.

2.) Future pension credits will be on a new formula which will meet government guidelines for integration and will be based on total earnings.

3.) Early retirement to age 62 without actuarial reduction is included.

4.) Currently retired employees will have their *pension increased very modestly.*

5.) An informal 45% rule is abandoned. (Provided that annual pension plus social security would equal at least 45% of annual average of last ten year's earnings.)

Investment Plan

Proposal sets up an employee investment plan similar to CGW's except that company's 50% contribution would be one-half CGW stock and one-half PPG stock.

Cost

Total cost, after making higher assumption of interest rate earned by Pension Fund, is about $65M or 2.2% of the annual salaried payroll cost.

JHA:mb