

MAYWOOD/SCO UPDATE #20

DATE: 8/27/09



OUTSOURCING UPDATE

The grievance on Document #2 regarding outsourcing is still ongoing and is now at Step 4: "Appeal to Impartial Umpire". This involves approximately 240,000 standard hours or approximately 500 jobs that the senior Management wants to outsource. The salary workforce would also be reduced by several hundred. The outsourcing of these parts is not the answer on making us more competitive. This would only reduce the burden rate by approximately \$50.00 per standard hour.

The Company's goal is to reduce costs by \$100 million dollars. Management has stated that it will cost Rolls-Royce \$100 million in premium to do business in Indianapolis.

Senior Management is declaring that in order for Rolls-Royce Indianapolis to turn into a competitive site, we would all need to take a reduction in our health care, change or remove our profit sharing plan, and eventually eliminate the skilled trade's workforce. The Shop Committee and I do not understand how to explain this to the Membership when Rolls-Royce Indianapolis made several hundred million dollars of profit over the last several years.

One of the easiest ways to become more competitive is to bring additional or new work to the Indianapolis site. Rolls-Royce is not willing to do this without the Union taking concessions. If we would agree to concessions, Rolls-Royce still will not give the Union a guarantee to bring any additional or new work to this facility. Again, I cannot understand why the Union would agree to concessions when the company showed such a large profit last year. Management also has stated that the hourly costs are 76% of the cost. I do not believe this is an accurate statement.

Rolls-Royce Indianapolis should focus on material issues, process concerns, issues on scrap, and we need to stop doing all the rework on outsourced parts that come in here out-of-tolerance from the vendors. We will never be competitive until then. By outsourcing we will lose the quality of our product. Our destiny will be in the hands of a vendor whom we have no control over.

Rolls-Royce Indianapolis is instead focused on perception which means everything to the Senior Management. They do not see that 97% of the work force wants to do the right thing. They are more focused in making sure the floors look good, that all the tape is down, and above all do not sit down on the job, even though your machine is running production. You must look busy at all times.

What is extremely disturbing to this Union is that we never hear a single word of enthusiasm, or encouragement from Senior Management, it is always negative. It's never good enough. I believe the workforce at Rolls-Royce Indianapolis does an outstanding job under the current conditions we have. The Indianapolis facility and its employees here are excellent employees who want to make a difference and make this factory successful.

We must **all stick together** to overcome the negatives in which we are dealt with on a daily basis. I appreciate the jobs you do. I will always believe that our work force here at Indianapolis is the best place to make quality gas turbine engines.

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