

SPEEDWAY CHAIRMAN'S REPORT #316

DATE: 06/14/05

EMERGENCY UAW LEADERSHIP MEETING (BENEFITS)

In April 2005, I provided our Membership with a State of the GM Business report (as given at the April Key 4 meeting) in a two-part update that was circulated throughout our facility. Prior to the Key 4 meeting, it had been widely speculated that GM wanted to re-open our 2003 National Agreement in an effort to lower its health care costs. UAW President Ron Gettelfinger reported that GM had not asked the UAW for a "re-opening" of the Agreement. He, along with UAW Vice President Richard Shoemaker ("Shoe"), also reported the UAW stood ready to help GM reduce its health care costs by exploring un-tapped areas where significant saving opportunities exist...as long as it was within the framework of our Agreement. Since then, much has changed...except the losses (net and market share) that GM continues to report.

What has changed? Last week, UAW International Representatives from the G.M. department called an emergency leadership meeting with all UAW-GM Chairpersons and Presidents. The meeting was held in Detroit on Thursday, June 9, 2005. President Allen Harris and I represented Local 933. The purpose was to update the group on recent developments regarding proposed changes in health care coverage provided UAW-GM bargaining unit members under the terms of the 2003 National Agreement. Make no mistake; this is a very serious matter as this "issue" has the potential to affect the entire UAW-GM Membership...both active and retired. During the meeting, "Shoe" reported that all the "easy" decisions are long gone..."now days, they're all tough". He went on to explain that approximately two weeks ago, GM leadership presented him with a proposal on health care that provided GM an opportunity for savings in health care costs. The proposal, **if accepted** by the UAW, would result in a significant reduction in health care benefits...according to GM.

After reviewing GM's proposal, Shoe and UAW leadership responded by saying the UAW realized the "saving opportunities" were both "inside" and "outside" the confines of the 2003 National Agreement. Additionally, the UAW is deeply concerned that our retirees would take the "biggest hit" under the proposal. The UAW recognized significant cost saving opportunities (**not to the extent of GM's \$20 billion estimate**) and indicated a willingness to discuss them (both inside and outside of our agreement) with GM. In either case, according to the UAW, any changes "outside" of the agreement would have to be approved and ratified by the Membership. Generally speaking, GM's reply to the UAW's offer was "either you agree to the entire proposal and the estimated \$20 billion in health care cuts...or GM will unilaterally implement the changes at the end of June, 2005. Shoe's reply was "*if you do that you won't be building any cars, trucks, or any other products*". "*If GM unilaterally puts such hardship on our membership...it will be the beginning of the end.*" As of last Thursday (June 6th), the UAW has not heard a response from GM.

During the leadership meeting last week, the Local Presidents and Chairperson's told Shoe they were behind him 100% and would fully support any labor action necessary to bring this matter to a acceptable conclusion. Shoe sent us back to the plants and asked that we pass along the following message to the Membership. "*The UAW is willing to be involved in discussion with GM to find mutual remedies to the health care situation. Anything done outside the agreement would be negotiated and brought to the Membership for a ratification vote.*" He then said "*It will be a long, hot summer*".

As I reported in my two part update, during the April 2005 Key 4 meeting, GM spokesmen reported 1st quarter net losses of \$1.10 billion and a 27% market share in their North American Operations. At that time, the UAW made clear a willingness to make joint efforts to lower costs...but we would stay within the confines of the agreement. Since then, GM continues to report market share losses...and is on target to still lose billions in 2005. The UAW's latest response was a willingness to look "outside" the agreement for additional saving opportunities. During last Thursday's meeting, Shoe was reminded of the UAW's earlier position to stay "within" the confines of the agreement. He responded by saying that after reviewing the health care situation over the last two months, it is smarter and more responsible for the UAW to look at dealing with the realities of GM's rising health care costs. NOW...as opposed to waiting until 2007 National negotiations when the problems become more difficult and the losses even greater.

I provided a more detailed report of the emergency leadership meeting at Sunday's regularly scheduled Membership Meeting (6-12-05). This update is intended to provide an overview of the material that was covered. Therefore, if you have questions or need further clarification on this difficult health care issue...please contact your elected bargaining representatives as they should have an excellent understanding of the material. As always, I will keep the Membership informed of any new health care developments. Meanwhile, the UAW awaits GM's response.

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