SPEEDWAY CHAIRMAN'S REPORT - #328

DATE: 10/21/05

TENTATIVE AGREEMENT UPDATE

As we all know, it has been widely publicized that Corporations such as GM and Delphi are suffering financial turmoil, in part, due to declining market share and rising health care costs. During the first three quarters of 2005, GM has reported losses of $4 billion which already exceeds losses expected for the entire year. Their credit rating has been reduced to "junk" status. GM reports a 3% market share loss for 2005. Estimates indicate every percentage of loss equates to 170,000 units, OR, the annual output of one (1) factory.

Clearly, rising health care cost is an issue everyone in America is dealing with. The cost to GM is rising at an even greater rate than other Corporations for several reasons; not the least of which is the number of active workers versus the staggering number of retirees for whom GM provides health care benefits. In fact, there are 112,000 active UAW Members working to support approximately 519,000 UAW/GM retirees, spouses, or surviving spouses. When factoring in the eligible dependents of active employees, the number grows to over one million people for whom GM provides health care benefits. This expense, known as "legacy cost", reportedly adds $1,500 to every vehicle sold by General Motors.

As reported, GM contacted the International Union, UAW, in the Spring of 2005 asking for creative ways to reduce legacy costs/vehicle in an attempt to become more competitive and regain market share. UAW Vice President Richard Shoemaker believed the UAW was better served to deal with these issues now rather than wait until the 2007 National negotiations. The UAW contracted outside firms to deep dive GM "books" to verify their financial claims. These firms reported the losses in revenue and legacy costs were in fact accurate and the parties continued discussions. The goal of the UAW was to protect current retirees as much as possible without putting undue burden on active Members.

As has been reported, the International Union, UAW, has endorsed a tentative agreement with GM that proposes changes to health care benefits. Under the tentative agreement, **current retirees** will: **1.)** have health care deductibles not to exceed $370.00 annually/individual. **2.)** Co-pay for mail-in prescription drug costs would increase by $5.00 for both generic and brand drugs. These changes for current retirees would not be subject to change until the year 2011 at the earliest.

Under the tentative agreement, **active** UAW/GM employees would defer six ($0.06) C.O.L.A. on March 6, 2006, six cents in June '06, and five cents in September '06 for a total of seventeen cents ($0.17). Furthermore, the General Wage Increase (average $0.83/hr.) scheduled to be paid September 6, 2006 would be deferred in total. Profit sharing payouts scheduled for payment in years 2006 & 2007 would be deferred to help offset health care costs. If the current profit share plan would have produced NO payout to UAW Members, GM would be required to contribute $30 million in each of these years. Co-pay for mail-in prescription drug costs would increase by $5.00 for both generic and brand drugs. In all, the UAW was successful in avoiding significant co-pays or health care deductibles for active employees.

The UAW Leadership recognizes the changes you are being asked to consider are extremely difficult. However, the proposed sacrifices asked of **active Members** makes possible a reduced burden on retirees should the tentative agreement be ratified by the Membership.

As was previously reported, International Union representatives will conduct detailed explanation meetings at our Local Union hall. The date and times for these meetings have not been determined. The International Union has assured they will contact me next week with final arrangements. I will inform the Membership as soon as the information is made available.

TS:nlh
opeiu1/afl-cio

Tim Snyder, Speedway Chairman Bargaining Committee
Local 933 UAW (Pager 235-3125)

SHOP COMMITTEE

Dan Gibson (235-9568)
Tim Behrens (235-9610)
Gary Stonehouse (235-2511)
Jack McCarty, Jr. (461-0539)
Ron Dowell (235-9531)
Gary Rance (235-4248)

John Neargardner (259-8477)

Website: www.uawlocal 933.org.