

SPEEDWAY CHAIRMAN'S REPORT #423

DATE: 06/01/09

UAW RATIFIES MODIFIED AGREEMENT WITH GM

Recently, (during Special Attrition Program – SAP – explanation meetings for Allison Transmission Inc. employees) I committed to inform the Membership of developments (as they relate to healthcare and pension benefits) resulting from the talks between UAW & GM to help those considering retirement make a more informed decision. As you know, the UAW and GM have been involved in talks/negotiations as part of the effort to restructure General Motors. On Thursday, May 28, 2009, I (along with the Shop Committee and Local 933 President Allen Harris) was called to Chevrolet Truck & Bus (UAW Local 23/Indy Metal Fab) for the purpose of attending an explanation meeting held by International Union, UAW representatives. The topic of discussion included modifications to the 2007 collective bargaining agreement as well as addendum to the VEBA (Voluntary Employee Beneficiary Association) agreement between UAW-GM during their recent negotiations. To summarize, should GM enter a “structured” Chapter 11 bankruptcy (as they are expected to announce today – June 1, 2009), pension and healthcare benefits for current and future GM retiree’s has been maintained. Hopefully this information will help those weighing their options to retire from ATI under the current SAP offer.

Relating specifically to healthcare and pension benefits, an International Union, UAW representative made an opening remark during Thursday’s meeting that I will paraphrase. *By agreeing to modifications, it assures all current or future retiree’s of keeping their healthcare and pension intact.* The following information (as it appeared in hand-outs) was given to UAW 23 members during last Thursday’s explanation meeting: As you may already know, the UAW voted to ratify the modified agreement with GM late last Friday which concludes the Union’s portion of the restructuring of G.M. Due to space considerations in this update, allow me to “fine-print” portions contained in the hand-outs. The complete “highlights” are available through Local 933 bargaining representatives for your review.

Under the 2007 Agreement, GMJ remained responsible for providing retiree medical benefits through the end of 2009, with the new VEBA taking over responsibility on January 1, 2010. In the discussions over the last several weeks, the Company sought an “early implementation” of this transition. Had we agreed to that approach, the assets of the VEBA would have been depleted to pay benefits for the remainder of 2009. We succeeded in avoiding this depletion of the VEBA’s assets during 2009, and GM will therefore continue to provide retiree medical benefits for the balance of 2009 until the new VEBA takes over responsibility. In exchange, however, the Treasury Department insisted that the benefits be immediately reduced to reflect GM’s difficult financial situation. In order to maintain the support of the Government, therefore, we were required to agree to the changes in benefits detailed in the chart on page 13. These changes will be effective on July 1, 2009 (or later if court approval is delayed beyond that date)

Pension Plan Maintained: *At various points in the process, the Company, the Government and other creditor groups argued that the pension plan covering UAW retirees should be terminated. The Plan’s funding status has been negatively impacted by conditions in the stock and bond market, and GM’s Pension Plan is currently underfunded. A pension termination would have been devastating on UAW retirees, since the government’s pension insurance program does not guarantee full benefits. In particular, early retirees who are receiving the Social Security supplement benefits would have seen very dramatic reductions in their pensions. The Company also demanded that the pension plan be “frozen”, which would have meant that employees would decrease earning additional years of credited service, or that the UAW agree not to bargain to improve pension benefits over the next ten years. We successfully fought these efforts to terminate, freeze or otherwise restrict the benefits payable under the pension plan for UAW retirees. The agreement requires that GM maintain the UAW pension plan without change, which means that retirees will continue to receive benefits at their current levels without interruption or reduction. We also did not agree to any limits on our ability to bargain over pension benefits in future negotiations.*

COLA

The average U.S. Consumer Price Index for February, March and April 2009 was NOT sufficient to increase the Cost-of-Living Allowance after deducting the accumulated diversions per Paragraph 101 (h) of the N/A. Therefore, there will be no COLA.

2006 EMPLOYEE REFERRALS FOR EMPLOYMENT (Status)

Following considerable conversation last week with several members who submitted employment referrals in 2006 that had NOT been randomly selected and who have been told their 2006 referrals would be disregarded, the Union communicated your disappointment/dissatisfaction to three top Company executives at ATI. Although the Union has NO bargaining jurisdiction in the employee hiring process, it STRONGLY urged the company to reconsider their plans for handling the remaining 2006 referrals. As of the time of this writing, the Union has not been notified of any change in direction.

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Addendum to Voluntary Employee Beneficiary Association (VEBA) Agreement:

New funding structure aids company viability (cont.)

Benefit	Change
Prescription Drug Co-Pays	Retail (34 day supply) <ul style="list-style-type: none"> • \$10 Generic • \$25 Brand Mail Order (90-day supply) <ul style="list-style-type: none"> • \$20 Generic • \$50 Brand
Catastrophic Plan for retirees and surviving spouses who fail to pay required monthly contributions	No longer offered. Retirees and surviving spouses currently in Catastrophic Plan will be given opportunity to join regular plan.
Coverage for Erectile Dysfunction (ED) medications (e.g. Viagra, Cialis, Levitra)	No longer offered, except in prior authorized cases of Pulmonary Arterial Hypertension
Coverage for the Proton Pump Inhibitor drug class (e.g. omeprazole, Prilosec, Zegerid, Nexium, Achiphex, Prevacid, Protonix)	No longer offered, except in prior authorized cases of Barrett's Esophagitis and Zoellinger-Ellison Syndrome
Vision Program	No longer offered
Dental Program	No longer offered
Emergency Room Co-Pay	\$100 (waived if admitted)
Medicare Part B Special Benefit (\$76.20 per month for retirees enrolled in Medicare)	No longer offered by health plan. This modification is not applicable to approximately 21,500 retirees and surviving spouses who retired or began receiving surviving spouse benefits before October 1979, and whose benefit is provided through the pension trust. The payments will continue for these pre-1979 retirees and surviving spouses.
"Low Income Retirees" (less than \$8,000 annual pension and monthly basic benefit rate of less than \$33.33)	Monthly contribution requirement of \$11 (flat rate regardless of family status) In all other respects, these retirees and surviving spouses will be included in same plan as other retirees and surviving spouses.
Monthly Contribution Requirements (General Retirees)	No Change (currently \$11/single and \$23/ family)
Deductible and Co-Pay Requirements (General Retirees)	No Change (currently \$164 annual deductible and \$273 annual (single) out-of-pocket maximum)
Sponsored Dependents and Principally Supported Children	Consistent with changes made to the active medical program, the retiree medical program will not allow the designation of new "sponsored dependents" or "principally supported children." The provisions allowing new dependents to be added as a result of adoption or legal guardianship will continue in effect.