



HIGHLIGHTS OF THE MEMORANDUM OF UNDERSTANDING REGARDING THE IMPACT ON MEMBERS OF THE SALE OF ALLISON TRANSMISSION, INDIANAPOLIS

ASSUMPTION OF THE AGREEMENT

Clutch Operating Company, Inc. (COC) agrees to assume the terms and conditions of the 2003 and 2007 UAW-GM National Agreements, except as provided for in the MOU.

COC also agrees to assume the terms and conditions of the local agreements between UAW Local 933 and GM.

EMPLOYMENT WITH COC

All seniority hourly-employees represented by the UAW will be offered employment with COC. These are referred to as **Transferred Employees**. Employees on a leave do not transfer to COC until their return to work.

An Allison hourly-employee who declines employment with COC will be placed on GM Formal Leave of Absence, without eligibility for any GM paid benefits. For up to one (1) year after being on such leave, the employee may make written application to be considered for employment with COC. If such application is made, GM leave status will continue and the employee will be considered for future openings with COC in line with seniority. In the event a subsequent job offer from COC is refused, the employee will be a voluntary quit.

SENIORITY

COC has agreed to recognize the seniority rights as defined in the current National and Local Agreements between the UAW and GM. Seniority rights are unchanged.

STATUS WITH GM

As of the sale closing date, transferred seniority employees of COC will have the status of indefinite layoff from GM, with no rights to any GM paid benefits or other rights except as defined in the MOU.

RE-EMPLOYMENT WITH GM

Transferred Employees who want to return to GM must apply on or before January 1, 2008, and will be treated the same as laid-off GM employees under Appendix A of the National Agreement. If no application is filed, transfer rights are waived, unless COC or its successor ceases doing business.

Transferred Employees who return to GM on or before the first day of the month following the expiration of the 2007 UAW-GM National Agreement will be treated as if they never left GM.

In the event COC or its successor ceases doing business, **Transferred Employees** who retain seniority under Paragraph 64(e) of the UAW-GM National Agreement can make application to return to GM in accordance with Appendix A.

PENSIONS

COC will establish a separate pension plan, which will mirror the GM plan through the expiration of the 2007 UAW-GM National Agreement. The purpose is to provide benefits equal to those, which would have been provided if the sale had not occurred, apart from any differences in future bargaining.

An employee can retire under the following circumstances:

NORMAL: Age 65 (ten (10) or more years credited service needed for paid health care).

VOLUNTARY: At any age with thirty (30) or more years of credited service with GM or as agreed to in the MOU.

Age 60-64 with ten (10) or more years of credited service with GM or as agreed to in the MOU.

Age 55-59 where age added to GM credited service equal 85 or more as agreed to in the MOU.

TOTAL AND PERMANENT DISABILITY:

Any Transferred Employee with 10 or more years of credited service with GM or as agreed to in the MOU who is totally and permanently disabled and otherwise eligible prior to attaining age 65.

Any **Transferred Employee**, who meets the above criteria, can retire under the MOU with benefits as outlined below:

Employees that were eligible to retire as outlined above, prior to the effective date of the sale and retire from COC:

On or before the first day of the month following the expiration of the 2007 UAW-GM National Agreement:

Credited Service: All time worked for COC will count as GM time.

Pension: GM time, including COC, paid by GM – 1 check.

Benefits: Health Care and Life insurance provided by GM.

After the first day of the month following the expiration of the 2007 UAW-GM National Agreement:

Credited Service: Credited service with GM will end on the effective date of sale and from the point forward be counted as credited service under COC's Pension Plan.

Pension: Benefits will be paid on a prorated basis.
Benefits: Health Care and Life insurance provided by GM upon retirement.

Employees who become eligible to retire after the date of sale and retire from COC:

On or before the first day of the month following the expiration of the 2007 UAW-GM National Agreement:

Credited Service: All time worked for COC will count as GM time.
Pension: GM time, including COC, paid by GM – 1 check.
Benefits: Health Care and Life insurance provided by GM.

After the first day of the month following the expiration of the 2007 UAW-GM National Agreement:

Credited Service: Credited service with GM will end on the effective date of sale and from that point forward be counted as credited service under COC's pension plan.
Pension: Benefits will be paid on a prorated basis.
Benefits: Health Care and Life insurance provided by COC upon retirement. COC has agreed to assume the Post-Retirement Health and Life Insurance Benefits contained in the UAW-GM 2007 Agreement.

Employees who return to GM:

Prior to the first day of the month following the expiration of the 2007 UAW-GM National Agreement:

Credited Service: All time worked at COC will count as GM time.
Benefits: GM benefits will resume upon return to work with GM.

After the first day of the month following expiration of the 2007 UAW-GM National Agreement:

Credited Service: Credited service with GM will end on the effective date of the sale and from that point forward be counted as credited service under COC's Pension Plan. GM credited service will resume upon return to work with GM.
Pension: Benefits will be paid on a prorated basis.
Benefits: GM benefits will resume upon return to work with GM.

Disabled employees who may qualify for a Total and Permanent Disability Pension.

- **If the disability occurred prior to the effective date of the sale and the employee does not return to work:**

GM would be responsible for the pension and health care upon approval regardless of when the pension is approved.

■ **If the disability occurred prior to the effective date of the sale and the employee worked for COC:**

GM would be responsible for pension and health care benefits if the employee's T&PD commencement date is prior to the first day of the month following the expiration of the 2007 UAW-GM National Agreement regardless of when the T&PD pension is approved.

If the employee does not become eligible (as referenced above) for a T&PD pension until after the first day of the month following the expiration of the 2007 UAW-GM National Agreement. Credited service with GM will cease as of the effective date of the sale and from that point forward be counted under COC's pension plan. Pension benefits will be paid on a prorated basis (2 checks, 1 from GM and 1 from COC). All post retirement health care and life insurance will be provided by COC.

CREDITED SERVICE

All credited service for members who retire on or before the first day of the month following the expiration of the 2007 UAW-GM National Agreement or are re-employed by GM prior to the first day of the month following the expiration of the 2007 UAW-GM National Agreement will be counted under the GM Pension Plan.

For members who remain at COC on or after the first day of the month following the expiration of the 2007 UAW-GM National Agreement, credited service under the GM Pension Plan will cease as of the effective date of the sale and from that point forward service will be counted under the COC Pension Plan.

Under no circumstances will credited service be counted under both pension plans for the same period of time.

Neither pension plan (GM or COC) will recognize additional grant of credited service (i.e. extra credited service as an inducement to retire).

If COC's Pension Plan is terminated, credited service accrued under the COC Pension plan will be recognized for the accrual and/or eligibility purposes by the GM Pension Plan.

HEALTH CARE AND LIFE INSURANCE DISABILITY BENEFIT PROGRAMS

As of the effective date of sale, COC is responsible for providing health care and disability benefits, which must duplicate those in effect prior to the sale, except for the provisions required to be changed as the result of new plan sponsor.

Post retirement benefits will be provided as outlined in the pension section of this document.

SAVINGS PLAN

COC has agreed to establish a plan for transferred members, which will attempt to duplicate the plan provided by GM.

Transferred members will be treated as laid-off GM employees.

Members cannot contribute to the GM plan as it is prohibited by Federal law.

Members who wish to roll their GM PSP to the one offered by COC must do so, if permitted by law, within two (2) years of the date of sale.

SUB and JOBS Programs

After the effective date of sale, COC is responsible for payment of the SUB plan, the GIS program and the JOBS program. Maximum liabilities for those programs will not be reduced by the transaction and transfer of members from GM to COC. If COC exhausts the 2003 or 2007 SUB or GIS caps, GM will be secondarily liable for payment of benefits.

LEGAL SERVICES

Files opened prior to the effective date of sale will be handled by the UAW-GM Legal Services Plan.

Files opened on or after the effective date of sale will be handled by the UAW-GM Legal Services Plan and paid for by COC.

COC has agreed to use the UAW-GM Legal Services Plan until the expiration date of the 2007 UAW-GM National Agreement.

PROFIT SHARING

COC will establish a plan comparable to GM's using the same formula.

Any member who qualifies for profit sharing under GM and is transferred to COC will receive payment from GM based upon hours worked at GM. Additionally, the member will receive payment from COC for hours worked at COC up to a combined total of 1850 hours.

Any member who qualifies for profit sharing at COC and is re-employed by GM will receive payment from COC based upon hours worked at COC. Additionally, the member will receive payment from GM for hours worked at GM up to a combined total of 1850.

Example: For the profit sharing payment made at GM and COC this year, GM would pay for hours worked from 01.01.2007 through the day prior to the sale using their formula for all GM members. COC would pay for hours worked from the date of sale through 12.31.2007, using the formula for COC workers. The combined hours cannot exceed 1850.

The same would apply if a member at COC were to return to GM during the calendar year.

NEW VEHICLE PURCHASE PROGRAM AND SERVICE PARTS PURCHASE

Members can continue to use the New and Use vehicle purchase program through September 14, 2011 and must take delivery by October 1, 2011. Members will also be eligible for the discount of GM parts from GM's Service Parts Operations through September 14, 2011.

TRAINING ACTIVITIES

COC will continue to participate in joint activities through the UAW-GM Center for Human Resources (CHR).

CESSATION OF BUSINESS

In the event that COC or its successors ceases doing business on or before September 14, 2012, the following shall apply:

Affected members will be entitled to layoff benefits guaranteed by GM.

Members who retire or are eligible to retire at the time COC or its successor ceases doing business, whose age and service equal 55 points, will have Health Care, Life and Disability benefits provided by GM.

Credited service earned, up to five (5) years will be recognized by the GM Pension Plan.

There is a three-tier safety net for pensions in the event COC or a successor should cease doing business prior to September 14, 2012.

COC or its successor is responsible for their portion of the pension. If for some reason they cannot meet their obligation then the PBGC will assume responsibility with GM ultimately responsible for providing benefits.

This is a summary of the Memorandum of Understanding (MOU). In all cases, the actual MOU language will apply.

