

APPENDIX F-1

AMERICAN AXLE & MANUFACTURING, INC.

~~February 25, 2004~~2008

~~Mr. Cal Rapson~~Jimmy Settles
Vice President and Director
AAM UAW Department
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. ~~Rapson~~Settles:

During these negotiations the Union discussed with the Corporation issues regarding contracting out of work.

During the course of previous negotiations, the Union ~~complained~~ stated that in certain instances the work force in maintenance and tool and die trades particularly was reduced through attrition and then work was contracted out to the point where there was insufficient manpower available within the plant to perform the work; that in certain instances AIT's were reduced to production jobs and work in their trades which they historically performed and which they were capable of performing was subsequently contracted out for extended periods without recalling the AIT's to the skilled trades jobs from which they had been reduced; and that in certain instances skilled trades associates were permanently laid off and new work which they had historically performed was contracted out for extended periods, instead of recalling these associates to their jobs.

The essential elements in the complaints registered by the Union went to the question of job security.

During these National Negotiations, the parties reviewed the competitive advantage of AAM's talented skilled trades workforce and the need to focus the activities of skilled trades associates on maintaining AAM's equipment and equipment tooling. Discussed were the Union's concerns for the integrity of the apprenticeable trades, the job security of the skilled trades workforce, and the content of skilled trades work assignments, and the status of work functions ~~historically~~ performed by the bargaining unit.

At times it is not practicable for the Corporation to do the work itself, and it must, as in the past, reserve the right to decide whether it will do particular maintenance, tool and die and engineering skilled trades work, or contract it out. The Union recognizes that in making such decisions the Corporation must consider, among other things, the efficiencies and economies involved, the need for specialized tools and equipment, special skills, the necessity of meeting production schedules, model change, plant rearrangement deadlines, and focusing resources to improve product competitiveness. In our discussions we agreed that associates' jobs should not be eliminated by reason of a practice of contracting out, and we agreed that existing employment opportunities of seniority associates should not be unnecessarily reduced by reason of management contracting out work. ~~The Corporation, moreover, states that it is its policy to fully utilize its seniority associates, under circumstances in which it is reasonable and~~