

MEMORANDUM OF UNDERSTANDING
ATTENDANCE/LOCAL ATTENDANCE PROCEDURES
VACATION RESTRICTED (VR) USAGE

During these negotiations, the Parties discussed the local efforts to improve attendance at the plants covered by this National Agreement since the founding of AAM in 1994. Despite numerous revisions to local attendance programs, the results continue to fall far short of world class absenteeism levels of 2%. In these discussions over the past 13 years, the Parties have established procedures which have resulted in reductions in net controllable absenteeism. However, these programs have failed to address the serious manufacturing problems created through VR "Call-Ins." The Parties recognize that this problem is masked in the Corporation's absenteeism data due to its description as "contractual" absenteeism, when, in fact, this form of absenteeism is unplanned, resulting in added costs through missed production schedules and overtime. This form of absenteeism has been documented as a significant issue on Mondays and Fridays and days before and after holidays, regardless of the workweek. While Local Attendance Procedures have addressed the VR "Call-Ins" related to holidays, the Monday / Friday VR "Call-In" problem as discussed during negotiations continues to be a major area of concern to the Parties.

Accordingly, after extensive discussion during National Negotiations, the Parties have agreed to continue the current VR "Call In" system as part of the Local Attendance Procedures, with the following modification:

- VR "Call-Ins" can only be used three times in a calendar year for Monday and Friday absences, excluding locally negotiated "black-out" dates.

Further, in documented circumstances where manufacturing operations experience delayed startups as a result of VR "Call-Ins", the Local Parties shall meet to discuss the issue and make necessary modifications. Failing resolution at the Local level, a review by the National Parties shall occur and corrective actions shall be discussed. In such case, the VR "Call-In" system may be further restricted or eliminated, such that VR entitlement would be administered in accordance with Paragraph 194.

Additionally, associates hired after the effective date of this Agreement shall have the application of VR administered solely in accordance with Paragraph 194 of the Agreement, without application to any local attendance procedure provisions or application of the corrective action phase described above.