



UAW FORD REPORT

Huge challenges, huge victories

Unprecedented product and investment guarantees in Ford manufacturing plants. Tens of thousands of UAW Ford jobs protected; helps maintain U.S. manufacturing base to support our communities.

Moratorium on outsourcing. Ford also agrees to *insource* more than 1,500 UAW jobs, and to evaluate an additional 1,700 jobs for insourcing.

Seniority rights protected for current and future UAW workers.

Economic gains total \$12,904 for a typical UAW Ford assembler during the four-year agreement.

Gains include a \$3,000 signing bonus, two 3 percent lump sums and one 4 percent lump sum.

Cost-of-living protection formula is maintained. Under terms of the 2005 Memorandum of Understanding and the proposed agreement, a portion of COLA will be diverted to fund active and retired health care.

Comprehensive health care maintained for active workers.

Ford to pay \$15.4 billion for retiree health care, including \$13.2 billion to establish an independent Voluntary Employee Beneficiary Association (VEBA) trust. Company also contributes \$2.2 billion in pre-VEBA costs for retiree health care.

Future pension benefits boosted, plus lump sums for current retirees.

Health and safety protections improved, including enhanced ergonomics protection, additional monitoring for exposure to metalworking fluids, improved training opportunities and coordination of research efforts.

Skilled trades gains 20 cents-an-hour tool allowance, \$20 million tool and die investment in Dearborn, Mich.



The 2007 UAW Ford National Negotiating Committee

UAW Ford Bargainers Preserve Jobs, Protect Wages and Benefits

Our UAW negotiators at Ford faced enormous challenges during 2007 negotiations because of the state of the auto industry as a whole and declining market share at Ford.

In the four years since our last contract was negotiated, the market share of the domestic auto industry fell from 62 percent to 52 percent. During the same period, Ford's market share dipped from 18.9 percent to 14.9 percent. Ford workers know firsthand how devastating this has been on workers, families and their communities. Our bargaining committee made addressing jobs, seniority, product and investment priority issues in this set of negotiations.

As we are painfully aware, in 2006 Ford lost \$12.6 billion and Ford management mortgaged all the company's assets to raise \$23.4 billion for a massive restructuring. Ford workers were asked to make huge sacrifices as we witnessed the closing of 10 plants and the relocation of many workers.

During this period, our union negotiated a special attrition program to assist our impacted members. While the attrition program may have lessened the impact for some workers, it strengthened the resolve of our bargaining committee to focus on job security.

"Our bargaining committee came through for our active and retired members," said UAW President Ron Gettelfinger. "Our team is proud of each and every negotiator because they have encouraged Ford to invest in product and people while addressing the economic needs of our active and retired members."

"Our goals for this contract were to win new product and investment, to enhance job security, protect seniority and protect

our retirees," said UAW Vice President Bob King. "We made progress in all these areas."

The proposed agreement delivers unprecedented product and investment guarantees specifying work to be performed at Ford manufacturing facilities through the life of the agreement and/or through specific product lifecycles. The commitments cover Ford assembly, stamping, engine, transmission, axle and components operations.

The agreement also includes a moratorium on outsourcing, a commitment to insource over 1,500 new jobs to UAW Ford facilities, and an agreement to evaluate 1,700 additional jobs for insourcing.

The proposed contract also delivers economic gains for our active and retired members, protects health care for active and retired members, and renews our commitment to safety in the workplace.

Ford has agreed to contribute \$15.4 billion to secure retiree health care for current and future UAW retirees for years to come, including \$13.2 billion to establish a Voluntary Employee Beneficiary Association (VEBA). We also agreed to a new wage for entry-level workers, including a promotion process — by seniority — which will allow these workers to reach full traditional wages.

We believe this contract lays the potential for renewed success for UAW members and Ford Motor Co. The members of the UAW Ford National Negotiating Committee are proud to recommend it to you for ratification.

New Contract Protects Wages, Provides Four Lump Sums

The proposed agreement protects the wages of UAW hourly workers at Ford, and provides four lump sum payments, one in each year of the agreement.

Projected Total Gains

Total economic gains from the proposed agreement add up to \$12,904 for a typical Ford assembler, based on a standard 2,080-hour year and 10 percent overtime. That figure includes the \$3,000 settlement bonus, performance bonuses of 3 percent, 4 percent, and 3 percent, and projected cost-of-living adjustments, after diversions.

Settlement and Performance Bonuses

UAW-represented Ford workers, including long-term temporary workers, who are on the active roll on the effective date of the agreement, will receive an up-front settlement bonus of \$3,000. Workers on pre-retirement leave, in protected status, on temporary layoff, on Family and Medical Leave, or those on leave of absence beginning not earlier than 90 days prior to the effective date of this agreement, are also eligible. The settlement bonus will be paid in the second pay period following official notification of the agreement's ratification.

Three additional bonuses will be paid in the second, third and fourth years of the agreement. In October 2008, UAW Ford workers with seniority as of Sept. 15, 2008, will receive a lump-sum performance bonus equal to 3 percent of qualified earnings (including base wages, COLA, overtime, shift and seven-day operator premiums, call-in pay, vacation, holiday and other paid time off) over the preceding 52 pay periods. In October 2009, workers with seniority as of Sept. 21, 2009, will receive a lump-sum bonus equal to 4 percent of qualified earnings. A final performance bonus, equal to 3 percent of qualified earnings, will be paid in October 2010, to workers with seniority as of Sept. 20, 2010.

Profit Sharing Maintained

The UAW Ford profit-sharing formula will continue unchanged, and continue to make graduated payments based on Ford's U.S. profits.

In addition, our bargaining team negotiated an expanded definition of the profits to be included in the formula. The

definition was clarified to ensure that it will include any potential income resulting from the establishment of an independent VEBA trust for retiree health care.

Ford Motor Credit Co., however, will no longer be included in the profit-sharing calculation.

Cost-of-Living Allowance

The proposed agreement maintains the existing COLA formula, based on the CPI-W for all items less medical care. As of the effective date of the agreement, \$2.03 of the current \$2.13 COLA float will be folded into base wage rates. The remaining 10 cents will be the initial COLA float.

The 2 cents quarterly diversion agreed to in the 2005 UAW-Ford health care settlement agreement will continue, and be made permanent. An additional 4 cents

per quarter will be diverted to fund the new VEBA that will secure lifetime health benefits for current and future retirees. A final 4 cents per quarter will be diverted to defray the cost of health care benefits for active workers. These diversions will be taken in the order listed. If a quarterly COLA adjustment is less than 10 cents, the company will not have the right to make up the difference in future quarters.

Additional diversions totaling 5 cents will be taken until the cumulative 17 cents in diversions agreed to under the 2005 health care settlement is reached. Should the timing of these diversions, which began earlier at GM than at Ford, lead to a disparity in COLA with GM, additional diversions of no more than 2 cents will be taken until parity is achieved.

EXAMPLES OF TOTAL HOURLY WAGE INCREASES

Sample Pay Gains		
	Assembler	Tool & Die
Base Rate - Contract End	\$26.095	\$30.610
Skilled trades tool allowance		.200
COLA Fold-In	2.030	2.030
New Agreement Base	\$28.125	\$32.840
Beginning COLA float	.100	.100
1st-year COLA	.100	.100
End 1st-year Base Rate plus COLA	\$28.325	\$33.040
2nd-year COLA	.200	.200
End 2nd-year Base Rate plus COLA	\$28.525	\$33.240
3rd-year COLA	.200	.200
End 3rd-year Base Rate plus COLA	\$28.725	\$33.440
4th-year COLA	.160	.160
End 4th-year Base Rate plus COLA	\$28.885	\$33.600

Projected COLA assumes annual inflation averaging 2.44%

Lump-Sum Examples

	Assembler	Tool & Die
October 2007 Settlement Bonus	\$3,000	\$3,000
September 2008 Performance Bonus (3%)	\$2,107	\$2,459
September 2009 Performance Bonus (4%)	\$2,826	\$3,295
September 2010 Performance Bonus (3%)	\$2,134	\$2,486

Based on a standard 2,080-hour year plus 10% overtime, with projected COLA adjustments based on inflation averaging 2.44%.

UAW Wins Product and Investment Guarantees in U.S. Manufacturing Plants

A key goal for UAW bargainers during these negotiations was to retain and expand the employment available to UAW members at Ford's U.S. facilities. We succeeded in winning unprecedented guarantees to allocate specific products to UAW Ford assembly, stamping, engine, transmission axle and component plants.

Major New Investments

The UAW won commitments from Ford to build five new flexible body shops in UAW Ford assembly plants, a

commitment to invest \$200 million in new technology and equipment in UAW Ford stamping plants, a \$20 million tool and die investment in Dearborn, Mich., and substantial new investments in UAW Ford powertrain operations.

As a result of this agreement, several Ford manufacturing facilities that were previously identified for closure by the company will remain open. UAW negotiators were able to win one-year extensions for two plants slated for closure – Twin Cities Assembly and Cleveland Casting.

These groundbreaking product and

investment commitments, along with a moratorium on outsourcing and an agreement to insource new work, will protect the jobs of tens of thousands of UAW workers and will help to sustain Ford as a high value-added manufacturer with a strong base of employment and production in the United States.

In addition, these commitments will have a positive effect on the employment of thousands of workers at related supplier plants and will help maintain the contribution of Ford facilities to the local and regional economies in which they are located.

Ford Commits to Insourcing

In response to our bargaining team's demand that Ford take action to maintain and expand its U.S. manufacturing base, the company has agreed to insource work totaling more than 1,500 jobs during the life of the agreement. The work will be retained for the term of the 2007 National Agreement, or for the lifecycle of the product, whichever is longer.

In addition, more than 1,700 jobs will be evaluated for insourcing.

Moratorium on Outsourcing

Except for certain actions already identified, the company has agreed to a total moratorium on new outsourcing of UAW Ford work from UAW Ford facilities through the term of this agreement. The moratorium will protect current UAW jobs and allow UAW Ford workers to focus on winning new work for our facilities.

Plant Closing and Sale Moratorium

Ford has agreed that it will not close, idle, nor partially or wholly sell, spin off, split off, consolidate or otherwise dispose of, in any form, any plant, asset or business unit of any type beyond those which have already been identified. Three facilities have been identified by Ford as exempt from the plant closing moratorium: Twin Cities Assembly, Cleveland Casting and Batavia Transmission.

Union Has Voice in Ford Decision-Making

After years of watching the company lose market share and seeing our communities lose good-paying manufacturing jobs, UAW negotiators made it a top priority to ensure that UAW members have input into company decision-making.

For the first time ever, the union won agreement that the vice president and director of the UAW National Ford Department will serve as a member of the company's Manufacturing Operating Committee, where critical decisions are made about current operations and future product. This will ensure that UAW Ford workers have a seat at the table during discussions about the future of Ford Motor Co.

Union Wins Involvement in Supplier Initiatives

For the first time, union members will have direct involvement in efforts to maintain and improve supplier operations.

As customers of supplier plants, UAW Ford workers see first hand the critical impact that suppliers can have on production, quality and consumer acceptance of Ford vehicles. Strong partnerships between Ford and its suppliers can enhance our job security, because a well-functioning supply chain is essential to achieving world-class vehicle quality.

To enhance and coordinate initiatives to help suppliers improve productivity, quality, health and safety and also address workplace culture issues, two new positions, funded by the UAW Ford National Programs Center, will be devoted to Supplier Support Initiatives. UAW Ford workers now will have a greater opportunity to assist supplier companies in reducing waste, controlling costs and improving quality, often improving the job and income security of our UAW supplier members.

Product and Investment Commitments

ASSEMBLY	
Plant	Product
Auto Alliance	Mustang and Mazda 6 continue through current product lifecycle. Substantial investment in Mustang and Mazda 6 during the life of agreement. Integrated Stamping Operations will get major new stampings associated with new assembly products.
Chicago Assembly	Taurus, Taurus X and Sable continue through current product lifecycle. 2008 launch of the new Lincoln MKS; continues at Chicago Assembly through the product lifecycle. New product will be allocated during the life of the agreement.
Dearborn Truck	2008 calendar year launch of the new F-150 truck replacement product for the current model will be allocated to Dearborn Truck and continue through the product lifecycle. Mark LT will continue through the current product lifecycle.
Louisville Assembly	Explorer, Mountaineer and SportTrac continue through the current product lifecycle. New product allocated to Louisville Assembly during the life of agreement. The plant will receive a new, flexible body shop.
Michigan Truck	Expedition, Expedition EL, Navigator and Navigator L continue through current product lifecycle. Substantial investment will be put into the Expedition, Expedition EL, Navigator and Navigator L products during the life of the agreement. New product will be allocated during the life of the agreement.
Ohio Assembly	The E-Series continues through current product lifecycle. New product allocated to Ohio Assembly during the life of the agreement. The plant will receive a new, flexible body shop.
Kansas City Assembly	2008 calendar year launch of the new F-150 truck replacement product for the current model will be allocated to the plant and continue through the product lifecycle. The Escape, Escape Hybrid, Mariner, Mariner Hybrid and Tribute continue through current product lifecycle. New product allocated to the plant during the life of the agreement. The plant will receive a new, flexible body shop.
Kentucky Truck	Super Duty truck continues through current product lifecycle. Substantial investment will be put into the Super Duty product during the life of this agreement. The Integrated Stamping Operations will get major new stampings associated with new assembly products at Kentucky Truck. The plant will receive a new, flexible body shop.
Twin Cities Assembly	Ranger production has been extended for one year. No future product has been identified beyond the current product lifecycle. The plant will close in 2009. UAW and Ford will jointly explore opportunities for Twin Cities Assembly seniority employees.
Wayne Integrated Stamping and Assembly	The Focus continues through current product lifecycle. New product allocated during the life of the agreement. The Integrated Stamping Operations will get major new stampings associated with new assembly products at Wayne Assembly Plant. The plant will receive a new, flexible body shop.

Product and Investment Commitments

STAMPING	
Plant	Product
Buffalo Stamping	Products currently allocated will continue through current vehicle program lifecycle. Major stampings for 2008 launch of the Flex and an additional future product will be allocated to the plant.
Chicago Stamping	Products currently allocated will continue through the current vehicle program lifecycle. Major stampings for new product for Chicago Assembly will be allocated to the plant.
Dearborn Stamping	Products currently allocated will be produced through current vehicle program lifecycle. Major stampings for new product for Dearborn Truck plant, including the 2008 new F-150, will be allocated to the plant.
Dearborn Diversified Manufacturing Plant	Products currently allocated will be produced through current vehicle program lifecycle. The plant will produce F-150 components during the life of the agreement.
Dearborn Tool & Die	Company to invest \$20 million in new 5-axis mills during the term of the agreement.
Walton Hills Stamping	Products currently allocated will be produced through current vehicle program lifecycle. Major stampings for new product for Ohio Assembly will be allocated to the plant.
Woodhaven Stamping Plant	Products currently allocated will be produced through current vehicle program lifecycle. Major stampings associated with new products in multiple assembly plants will be allocated to the plant.

CASTING	
Plant	Product
Cleveland Casting	Cleveland Casting production will be extended an additional year until 2010. Cleveland Casting Plant will close in 2010.
Woodhaven Forging	5.4L crankshaft machining continues through product lifecycle. 6.8L crankshaft machining continues through product lifecycle. The plant may be considered for sale or closure during the term of the agreement.

Product and Investment Commitments

TRANSMISSION AND DRIVELINE	
Plant	Product
Batavia Transmission	<p>CD4E transmission production continues through product lifecycle, ending production in 2008.</p> <p>Batavia Transmission Plant will close in 2008.</p> <p>UAW and Ford will jointly explore opportunities for current Batavia Transmission Plant seniority employees.</p>
Livonia Transmission	<p>4R75 transmission production continues through product lifecycle.</p> <p>6R transmission production continues through product lifecycle.</p> <p>Major investments will be made to expand the 6R transmission capacity during the life of the agreement.</p>
Sharonville Transmission	<p>5R110 transmission production continues through product lifecycle.</p> <p>6R/6F, 6F Mid Range and FN gear manufacturing will continue through product lifecycle.</p> <p>Next-generation product will be allocated to the plant to replace 5R110 during the life of the agreement.</p>
Van Dyke Transmission	<p>FN transmission production continues through product lifecycle.</p> <p>6F50 and 6F55 transmission production continues through product lifecycle.</p> <p>The new 6F Mid-Range transmission will launch in 2008 and continue through product lifecycle.</p>
Sterling Axle	<p>Axle production continues to support the following vehicles, through the product lifecycle:</p> <ul style="list-style-type: none"> - Mustang, - F-150, F-250, F-350, F-450, - Econoline, - Navigator, - Explorer, - Expedition EL, - Navigator L, - Mountaineer, - Sport Trac, - Mercury Crown, Victoria, Grand Marquis, - Ranger. <p>Tubes, gears and paint continue as stated in COA.</p> <p>Production of new "11.x" axle will be allocated to the plant during the life of the agreement.</p> <p>The UAW and Ford agree to work together to identify potential future work opportunities for the plant.</p>

Product and Investment Commitments

ENGINE	
Plant	Product
Dearborn Engine and Fuel Tank	<p>2.0L / 2.3L I4 engine production (non VCT) continues through the product lifecycle. Fuel tank production will be discontinued by 2010. A substantial investment and a new product based on the current engine architecture will be allocated to the plant during the life of the agreement.</p>
Cleveland Engine 1	<p>Launch D35 in 2008 and continue production through product lifecycle. New product based on current engine architecture will be allocated to the plant during the life of the agreement. The plant will receive an additional increment of D35 engine capacity during the life of the agreement.</p>
Cleveland Engine 2	<p>Duratec 30 engine production continues through product lifecycle. Duratec 30 engine receives an engineering upgrade in 2008. UAW and Ford agree to work together to identify potential future work opportunities.</p>
Lima Engine	<p>D35 engine production continues through product lifecycle. New product based on current engine architecture will be allocated to the plant during the life of the agreement.</p>
Romeo Engine	<p>4.6L and 5.4L engine production will continue through product lifecycle. A new engine program will be allocated to the plant during the life of the agreement.</p>
Rawsonville	<p>The production of air intake systems, coil on plug, carbon cannisters, and starters will continue through the life of agreement, including full engineering support. The production of remaining components will balance out in 2008 or by 2010. Rawsonville Trucking Services will continue through the term of this agreement. The UAW and Ford agree to work together to identify potential future work opportunities for the plant.</p>

New Wage and Benefit Structure for Entry-Level Employees

Seniority Workers Maintain and Regain Right to Preferred Jobs

The UAW's goals during this round of bargaining included winning new product and investment in UAW Ford facilities, a **moratorium on outsourcing, greater job security for our members, and protecting seniority rights for UAW Ford workers, including the right to use seniority for preferred jobs.**

Under the terms of the proposed agreement, every current seniority worker at Ford is protected and will keep his or her current rate of pay and benefit package.

The entry-level wage structure in this agreement helps our union preserve jobs while the company restructures and creates the environment for adding new jobs. Upon ratification, this provision of the agreement will produce immediate results for our members. Ford's agreement to insource 1,500 new UAW jobs, and evaluate another 1,700 for insourcing, is directly related to the new wage structure for entry-level employees hired on or after the effective date of the proposed agreement.

UAW Ford workers currently assigned to ACH facilities and those on protected status will be placed before the company can hire any workers into entry-level positions.

Workers hired under the new wage structure will be UAW Ford employees, with all the rights and protections of our union contract, and will have the opportunity to transfer to traditional, higher-paying positions as jobs become available **regardless of where the opening occurs, without relocating, except in two facilities.**

It is important to note that no current member who has seniority on the effective date of this agreement will ever be assigned entry-level wages. Only those employees hired after the effective date will be subject to the new rates.

In order to maintain Ford as a provider of standard-setting manufacturing jobs now and in the future, the number of entry-level jobs will be **20 percent** of the UAW Ford workforce **corporatwide**. Once this 20 percent is reached, workers hired at entry-level wages will be transitioned **by seniority** to positions at traditional pay rates **before** any new entry-level workers are hired.

Entry-level workers who convert to traditional status will retain their cash balance pension plan and defined-contribution post-retirement health care fund, as described below, but will otherwise receive the same pay and health care benefits as traditional UAW-Ford employees.

Entry-Level Wages

The entry-level wage structure will have a starting rate of \$14.20 per hour and a full rate of \$15.34 per hour. Entry-level workers will advance from the starting rate to the full rate for their classification in four progression increases, one every 26 weeks.

In addition, entry-level workers will receive annual raises through a new wage formula that will provide increases tied to either (a) the percentage increase in average hourly earnings, excluding overtime, of workers in the U.S. manufacturing sector or (b) the annual rate of inflation, whichever is greater, up to 3.75 percent. (If the wage formula generates an increase above 3.75 percent, the additional amount will be subject to a mutually-agreed disposition.) Increases will take effect in the first pay period of each calendar year.

In addition to annual wage formula increases, entry level workers with seniority as of the designated eligibility date will receive performance bonuses in each year of the four-year agreement. An entry-level worker's performance bonus will be equal to 3 percent of qualified earnings during the previous 52 pay periods. Performance bonuses will be paid in May 2008, 2009, 2010 and 2011, based on April eligibility dates.

Entry-level workers are eligible for the Christmas bonus, as described on page 26.

Entry-Level Benefits

Entry-level workers will be covered by a modified benefit plan, including the following elements:

- **A cash balance defined benefit retirement plan.** Ford will deposit 6.4 percent of workers' wages into a portable retirement plan, which will accrue interest tied to U.S. Treasury bonds. This plan provides for three-year vesting.
- **Retirement health care fund.** To help fund health care in retirement, Ford will contribute \$1 an hour for each hour worked into each entry-level worker's TESPHE.
- **Health care plan.** Entry-level workers will be covered by the National PPO and will have annual in-network deductibles of \$300 single/\$600 family. Co-insurance will be 10 percent in-network, with an annual cap on out-of-pocket expenditures of \$1,000 single/\$2,000 family. To defray these costs, Ford will provide workers with \$300 single/\$600 family annually in a health care spending account. Entry-level workers will be eligible for dental coverage and a vision exam after three years, and for full vision coverage after five years.
- **Supplemental Unemployment Benefits (SUB).** Entry-level workers with at least one but less than three years of seniority will be eligible for 26 weeks of SUB. That increases to 52 weeks (which can be extended) for workers with three or more years of seniority.

New Sourcing Language Designed to Bring Work Into Plants

Investment in UAW Ford people and UAW Ford products was a top priority for our UAW negotiating team during this round of bargaining.

The company has agreed to a moratorium on outsourcing, which will protect the jobs of thousands of UAW Ford members. In addition, modifications in this contract – including an entry-level wage for a limited number of UAW Ford workers and the restructuring of retiree health care costs – will make our facilities more competitive and support our plan to win work for our plants.

Building on achievements in previous contracts, UAW negotiators won enhanced commitments to UAW participation in product sourcing decisions. With input at every level of the sourcing process, UAW Ford members will be positioned to take maximum advantage of our new, more competitive cost structure in order to win new work at our facilities.

UAW Representation on Future Product Sourcing

Our bargaining team won language that will add UAW Future Product Sourcing Representatives to the UAW National Ford Department. These union representatives will ensure we have early and direct involvement in all insourcing and outsourcing decisions in the company's product development system. They will have access to information concerning business planning, marketing, purchasing, design, engineering and manufacturing.

Commitment on New-Technology Vehicles

Our bargaining team at Ford won a commitment from the company to invest in new technologies, such as hybrid vehicles and alternative fuels and their components, in UAW-represented Ford facilities when a competitive business case exists.

Sourcing Language Strengthened

In order to improve our ability to win work for our facilities, our bargaining

team won several enhancements in the sourcing language contained in Appendix P to the UAW-Ford labor agreement.

- The union will now have the ability to present all business cases related to insourcing opportunities directly to applicable company decision-making parties.
- The UAW National Ford Department and UAW Ford local unions will now receive all requests for quotation packages before an outside supplier during a market test study. This will allow more time for our local committees to prepare a solid business case for protecting work at our facilities.
- To ensure our facilities have the ability to insource more products, language was added to address work that is temporarily brought in to one of our locations. If the work stays at Ford for more than 12 months, it will be considered UAW Ford work and subject to contractual provisions on outsourcing. This will enhance the ability of local unions to permanently retain this work and allow our plants to become more competitive based on capacity.
- The company will now provide data to the union regarding the sourcing of major vehicle components in electronic format, to be updated on a regular basis. This will provide UAW representatives with timely and accurate information regarding the sourcing and costs of work that can be considered for insourcing.

Financial Data Process Improved

Your bargaining team won a major victory by improving the local union's ability to develop competitive business plans and win work for our facilities. When the company compares the cost of doing business at a UAW Ford facility versus an outside supplier, it no longer may consider costs not directly associated with the components being analyzed. The company must also reflect any Job Security Program (JSP)

costs associated with a sourcing action as a negative cash flow against vendor pricing.

The company can no longer set an unrealistic Time-Adjusted Rate of Return (TARR) hurdle rate to stop us from insourcing work at UAW Ford facilities. The company will now use the same TARR hurdle rate established for global sourcing decisions.

Online Training Enhanced

Negotiators won a commitment for online training for UAW local union officers and job security representatives who are involved in sourcing decisions. The goal of the training is to gain access to interactive, real-time financial tools that will allow UAW representatives to make the most effective case for retaining and insourcing work in UAW facilities.

All Costs on the Table for Cost Reduction; Job Protection and Insourcing Efforts

Ford Motor Co., like most companies, had a history of eliminating jobs first as a way to be competitive. National negotiators went into this set of bargaining insisting all costs in all areas of the business – rather than just labor costs – should be included in competitive studies. As a result, we have language to aid job protection and insourcing efforts.

Local union leadership will be involved in the plant's cost reduction efforts from the beginning, using a "four walls" approach that considers all costs in addition to labor hours per unit.

It is expected that increasing efficiencies through the Total Cost process will not only save jobs, but make plants more competitive so that Local Job Security Operational Effectiveness Committees will be able to better make business cases to add business and jobs at the local level.

Job Security Program Improved

UAW negotiators made substantial improvements to the landmark job and income security program. The Guaranteed Employment Number (GEN) benchmarks have been eliminated, and all seniority workers are covered as of the effective date of the proposed agreement. Changes make it possible for entry-level employees to become traditional employees to fill vacancies. Allowable reasons for layoff remain the same, as does the 48-week maximum layoff period.

Attrition Replacement

In the proposed program, attrition replacement covers 100 percent of the membership, with only two exceptions: Attrition replacement will be deferred during a market-related layoff. And when a plant has workers on protected status, attrition replacement will be handled in accordance with the placement guidelines in Appendix N, Attachment C of the National Agreement. The number of jobs outsourced minus the number of jobs insourced, per Appendix P, will be treated as attrition on a unit basis.

When a traditional worker quits, dies, retires or is placed on salary, he or she will be replaced as soon as possible, but in no longer than 30 days. Production employees will be replaced as follows:

- Recalling a seniority worker from layoff/in-plant protected status from the facility, then from the preferential placement list or from employees otherwise available through the placement hierarchy, up to and including volunteers from in-zone ACH locations, entry-level employees and rehires-new hires.

Skilled-trades workers will be replaced as follows:

- Recall a skilled seniority worker from layoff/in-plant protected status.
- Transfer a skilled-trades employee working in production into the trade, or place an apprentice or retrained journeyman.
- Hire a new skilled-trades worker.

Protected Status Employee

A protected status employee will remain so for no more than two years if there are job openings available. If during the two-year period no jobs are available, workers remain on protected status. If an employee on protected status receives two job offers within the two-year period and declines the second placement offer, he or she will be placed on inactive status, with an immediate cessation of all company-provided income, but will remain eligible for a placement offer.

Protected Status Employee Pay Options

An employee being placed in protected status will have a choice of two

options: report to the work facility for a mandatory nontraditional work assignment and receive 100 percent of his or her regular straight-time hourly rate of pay for a 40-hour week, or do not report for work, but receive 85 percent of his or her regular straight-time rate of pay, exclusive of any premiums, for a 40-hour week.

Under either option, the employee in protected status will continue to earn pension credits on the basis of 40 hours per week and will continue to receive all active employee benefits and provisions. In certain circumstances, the national parties may agree that placement on protected status at the 85 percent rate is mandatory.

Attrition Replacement Obligations to be Fulfilled

All opening hiring obligations resulting from the 1999 and 2003 Collective Bargaining Agreements will be fulfilled through the hiring of full-time and temporary part-time employees and the conversion of Visteon hourly employees at former Ford locations to Ford full-time hourly employment status, the return of the Sterling and Rawsonville plants to Ford, and two separate flowback actions that provided eligible Ford employees at Visteon/ACH locations opportunities to return to Ford locations during the 2003 Agreement.

During the 2007 Agreement, the placement of interested Ford hourly employees at closed/idled locations into available openings at Ford locations, the preferential hiring of temporary employees into full-time jobs, the hiring of new entry-level hourly employees and the introduction of new work into Ford facilities will aid in the creation of new job and hiring opportunities in support of the replacement obligation fulfillment.

Relocation Allowances Increased

When employees are relocated between plants at least 50 miles apart, they will be given a choice between Basic Relocation Allowance and Enhanced Moving Allowance.

Basic Relocation Allowance provides the employee \$4,800 and enables the employee to seek a Return to Basic Unit after working at the new plant for six months or upon indefinite layoff from the new plant.

Enhanced Relocation Allowance provides the employee a maximum of \$30,000, \$6,000 of which is provided as a signing bonus to cover miscellaneous up-front cash expenditures. An additional \$16,000 will be paid to the employee at the new location. After one year at the new location, the employee may receive \$8,000 if they continue to be an employee there. Employees receiving the Enhanced Relocation Allowance will terminate their seniority at all other Ford locations and will not be eligible for recall/rehire or Return to Basic Unit.

Return to Basic Unit

Eligible employees will automatically be considered to return to the plant which is their basic unit or, in the case of employees from closed locations, to return to other plants in the same zone of their basic unit. Eligible employees include those who previously were ineligible because of a failure to make a timely application or because of a refusal of a previous Return to Basic Unit opportunity.

Buyout Packages

Nationwide buyout packages will be offered based on mutual agreement by the parties.

JSP and SUB Increased

Ford will provide full funding for the Job Security Program at its previous level of \$944 million, and the Supplemental Unemployment Benefit (SUB) Fund at its previous level of \$918 million.

The maximum benefit for workers receiving SUB will be increased from \$190 to \$200 weekly for a worker on qualifying layoff who is not receiving a state system benefit per Article 7, Sec. 3 (d), or who refuses a company offer pursuant to the local seniority agreement.

Because the Guaranteed Income Stream (GIS) program is dormant, the parties agreed it will be eliminated. However, in the event JSP and SUB funds are exhausted before the expiration of the 2011 agreement, the GIS program will be reinstated.

Quality Language Strengthened

UAW members at Ford have made exceptional strides in quality since the last agreement, as evidenced by recent studies by Consumer Reports, numerous J.D. Power awards and other recognition. These achievements result from the hard work and talents of all UAW members at Ford and the contract language we have negotiated that ensures members of our union will continue to have a say in how we build our products.

During this round of bargaining, our UAW negotiating team won renewed commitments to maintain and extend the role of union members in quality issues, including a commitment to keep Quality Operating System Coordinators (QOSC) a part of the National Agreement, as well as additional commitments on training, contact with suppliers and quality benchmarking.

Quality Operating System Coordinators

Quality Operating System Coordinators (QOSCs) were established in Powertrain Operations in 2001 by the UAW Ford bargaining team. This program was expanded to Vehicle Operations and Stamping in the 2003 national negotiations. Our 2007 UAW team maintained language that establishes this valuable quality program as a formal part of the contract as well as maintaining language that allows QOSCs to investigate and use the best quality practices from other Ford plants within their division.

CQS Training for UAW Quality Representatives

It was agreed that upon ratification, a one-year Certified Quality Specialist training program will be developed in conjunction with Wayne State University.

Enhanced Voice for Workers at Ford Customer Service Division

To improve service to our customers and to enhance our job security, UAW negotiators won language which will increase the involvement of UAW members in decision making within the Ford Customer Service Division (FCSD).

Previous contract language on the synchronous flow process did not serve the intended goal of improving productivity across the board in FCSD facilities.

The proposed contract replaces the old language with a new process to be developed jointly by local union leadership, the UAW National Ford Department and Ford division management, focusing on enhancing team performance. The Ford plant manager and UAW plant chair will be responsible for local implementation of the new process, which will be regularly monitored by both parties.

The company and the union also agreed to develop a FCSD Network Review joint committee composed of local plant chairpersons, building managers, the UAW National Ford Department and division management. The committee will jointly investigate best practices to see if they can be applied to other facilities. All parties must jointly agree prior to any changes or modifications.

Benchmarking, Quality Stickers to Continue

The UAW bargaining committee maintained the ability to attend and participate in benchmarking activities to obtain feedback on quality. Quality window stickers will continue to be provided.

Six Sigma Black Belt Training Now for Hourly Workers

Our negotiators bargained a commitment that affords hourly employees the opportunity to become Six Sigma Black Belts at their manufacturing facility. This training is newly negotiated into the bargaining unit.

Continuous Improvement Forums

To better facilitate input from UAW members in building world-class quality, pursuing new opportunities for growth and enhancing our job security, union and company negotiators agreed to combine existing programs into a new Appendix J: Continuous Improvement Forums.

Continuous Improvement Forums will include participation and support at all levels of the UAW and Ford organizations: from local unions and UAW Ford facilities at the operational level, and from senior officials of the corporation and the UAW National Ford Department.

Both parties recognize the interdependent relationship of quality, operating efficiency, employee empowerment and job security. Enhanced and more effective Continuous Improvement activities will work to maximize our members' efforts to produce best-in-class quality and affordable vehicles that bring high satisfaction to the customer.

Targeted Training to be Examined

The proposed language also calls on the National Quality Committee to contract with the Manufacturing Skills Standards Council, a national group that sets standards for all manufacturing, to review and assess the effectiveness of the Targeted Training Process.



The 2007 UAW Ford National Negotiating Committee consists of local union members elected by their co-workers.

Contract Maintains, Enhances Employee Support Programs

Despite the economic difficulties caused by Ford's loss of market share, our negotiators won a commitment from the company to maintain and enhance key programs that support UAW Ford workers and their families. These include wellness programs, assistance with family issues, dependent care, Family Councils and access to rehab facilities.

Wellness Programs Protected

Recognizing the need to promote healthy lifestyles while also identifying opportunities for cost savings in health care, the union and company have made changes to maintain access for our members to the three most widely used wellness programs: weight management, stress management and smoking cessation.

UAW-represented Ford workers with appropriate health care coverage will have access to these programs at no cost through their health care provider. Those whose health plans do not cover these activities will pay no more than 20 percent of the cost, up to a maximum of \$40. The company will be responsible for all costs in excess of \$40.

Rehab Facilities Available to All

Onsite rehabilitation facilities can

now be used by members with nonoccupational injuries.

Dependent Care Assistance Program Maintained

UAW bargainers turned back a company proposal to eliminate this program. Our team retained this language.

Family Councils

Family Councils will remain intact and support volunteerism and community outreach by active and retired workers.

Joint Committee to Assist With Family Issues

While we have had to close child care centers, our commitment to family continues. Our negotiators won language to establish a first-time Joint Work-Family Committee (JWFC). The JWFC will collect information on the needs of UAW members and their families and identify relevant Ford benefits and policies.

The JWFC will propose options to assist with family needs due to the special issues members face. The JWFC will make recommendations based on its studies and coordinate work-family programs with the two other Michigan-based automakers as a way of achieving cost savings.

The committee will also study Web-based options for delivering information to our members on adoption, child care, elder care and parenting education.

Funding Increased for Legal Services Attempt to Eliminate Program Defeated

Union negotiators maintained this critical benefit. Company negotiators first told our bargaining committee it wanted to eliminate the entire UAW-Ford Legal Services Plan, which has been in effect since 1983. Company negotiators later told our committee that our members would have to pay for all or part of the program out of their own pockets.

Our bargaining committee successfully resisted these shortsighted company proposals and instead won agreement that the UAW-Ford Legal Services Plan will remain in place, fully funded by the employer.

The union also received a commitment from the company to have UAW-Ford Legal Services Plan attorneys handle applications and litigation for our workers' Social Security Disability Insurance Benefit (SSDIB) claims. This is part of an overall effort to restructure and streamline the oftentimes difficult SSDIB process for workers expected to be disabled more than 12 months.

The UAW bargaining team also won the right to have UAW Legal Services offices located inside local union halls as a convenience to our members.

Learning Programs Enhanced

Education, Development and Training Program Funding Protected

The company attempted to further reduce our Education, Development and Training Program. Our negotiators protected these valuable programs and maintained the current funding structure, which requires the company to fully fund the programs as agreed to in the 2003 National Agreement.

Retirees' Tuition Assistance Maintained and Increased

Our national negotiators fought back an attempt by the company to eliminate the retiree tuition assistance program, and instead won an increase in retiree tuition funding from \$1,500 to \$1,750 per calendar year.

Tuition Assistance

Active UAW-represented workers will be eligible for an additional \$400 of tuition assistance per calendar year for degree-related courses, raising the total annual benefit to \$5,000. The degree-related book allowance was raised \$100 to \$200 annually.

Dependent Child Tuition Assistance Maintained

Bargainers were successful in keeping the UAW-Ford Scholarship Program for Dependent Children without company-sought reductions, or the elimination of funding.

Education Programs for Workers' Retraining and Skill Enhancement

It is the goal of the UAW to enhance our members' occupational skills and add greater job security for all workers. The UAW-Ford National Program Center is funded to provide programs through Education, Development and Training Programs (EDTP) and the Technical Skills Program (TSP).

While the level of funding does not allow for the wide range of courses that were available in the past, the bargaining committee recognized the special duty it has to members who face plant



The UAW National Ford Department OPEIU 494 members, from left, LaDon Hill, Karen Unruh, Denise Brooks, Barbara Hoyles and Millie Hall

closures and downsizing. Therefore, we have focused the programs to assist members to receive Personal Development Assistance (PDA) funds so they may enroll in career-oriented retraining classes.

Negotiators also won language to set up a joint committee at the National Program Center to research and review programs to enhance our members' ability to acquire and utilize constantly changing job-related skills and other diverse educational needs.

The Joint Governing Board will be responsible for terms of funding, including school and course approval, locations of courses and program guidelines.

Collective-Bargaining Agreement Training Maintained

Collective Bargaining Agreement Training (CBAT) will continue to be made available to local union presidents, building chairpersons, bargaining and district committee persons, elected alternate committee persons, elected union officials responsible for contract administration, human resources managers, labor relations personnel and managers as appropriate who have not previously attended the

training. A CBAT refresher will be developed and targeted for 2008 delivery.

Labor Studies Courses Maintained

Workers may still use a portion of the Education Training Assistance Program (ETAP) allocation for courses in labor studies, provided the courses are at an accredited school of higher education and the tuition and costs are in line with the school's generally accepted tuition/fee structure. Reimbursement will be paid directly to the school.

Technical Skills Program Expanded

The Technical Skills Program (TSP) will serve both skilled and production workers, providing programs and educational opportunities to ensure the UAW Ford workforce can fully function in a competitive environment. In addition to the five major components of TSP, the training may include Level 4 evaluations where appropriate.

A MESSAGE TO UAW FORD RETIREES

From UAW President Ron Gettelfinger, UAW Vice President Bob King and the UAW Ford National Negotiating Committee

Dear Brothers and Sisters,

Two years ago we made a difficult decision to support limited reductions in retiree medical benefits for UAW-represented Ford retirees. That decision was intended to help secure your medical benefits for the long term by assisting Ford in addressing its significant financial difficulties. In that process, we insisted on protecting our most vulnerable retirees – those with pensions of \$8,000 or less and a benefit rate of \$33.33 or less – by exempting them from monthly contribution, deductible and co-insurance provisions.

This year, in bargaining for a new UAW-Ford National Agreement, Ford again approached us seeking further reductions in your retiree medical benefits. We have spent several months in difficult and complex bargaining with Ford on this subject. From the beginning we refused Ford's demands for benefit reductions.

Ford argued they have the right to reduce or eliminate retiree medical benefits, as they have done with thousands of their salaried retirees. That issue could have been fought in the courts once the 2005 settlement expired in 2011. If Ford prevailed in their argument, they would have the legal right to modify or even terminate your medical benefits.

Needless to say, we argued strenuously that Ford does **not have the right to modify your benefits, even after the expiration of an existing labor agreement. While we feel confident of that position, going to court always involves risk. We wanted to avoid the uncertainty that would be created had we been forced to rely on the courts to resolve the matter.**

In addition, while we believe that Ford is both legally and morally obligated to pay retiree medical benefits, the company's obligation is largely unfunded. Continued benefits depend on Ford's financial health. If Ford, which lost \$12.6 billion last year, were to file for bankruptcy, retiree medical benefits could be cut or eliminated entirely. Unlike pension benefits, there is no required funding – and no government backstop – to protect retiree medical benefits. We have seen thousands of retirees at other companies lose their retiree medical benefits completely when the employer that promised to pay them sought "protection" in the bankruptcy courts.

We do not ever want to see UAW Ford retirees in that position.

Instead, we insisted that Ford agree to a funding plan that would secure retiree benefits for the long term. We are pleased to report we have achieved that objective.

We have obtained financial commitments from Ford, totaling over \$15.4 billion, to pay for retiree health care benefits. This includes Ford's agreement (subject to ratification and court approval) to contribute \$13.2 billion to establish a funding mechanism that will protect your retiree medical benefits – at current levels – through establishment of a Voluntary Employee Beneficiary Association (VEBA).

The VEBA will operate as an independent trust and will become operational in 2010; until that time, Ford will continue to pay for retiree health care benefits, at a projected cost of \$2.2 billion.

Active workers will contribute to the VEBA through COLA deferrals and by continuing to contribute the cost of a foregone wage increase in 2006, and the value of a wage increase otherwise payable in 2008. Along with all UAW Ford active employees, we are united in our desire to support and protect our retired brothers and sisters.

In addition to securing health care funding through the new VEBA, we put a high priority on improving pension incomes for current retirees. We are proud that the tentative agreement includes improved pension benefits for all classes of retirees, together with lump sums in all four years of the agreement. These increases will protect our retirees' standard of living and will more than offset the cost of past and future Medicare premium increases.

We know that despite our efforts to minimize the impact of the health care changes negotiated in 2005, the additional monthly contributions, co-pays and deductibles have been difficult for many retirees and their families. We entered these negotiations determined to safeguard the health benefits and economic security of UAW Ford retirees, so that you can look forward with confidence, not uncertainty. We are proud that we have been able to accomplish that goal to protect you and your family.

In grateful solidarity for your contributions to our union,

Ron Gettelfinger, Bob King and your UAW Ford National Negotiating Committee

Voluntary Employee Beneficiary Association on Behalf of UAW Ford retirees

What is a VEBA? A VEBA is an independent trust fund, similar in many respects to a pension trust. Money contributed to the VEBA can be used only to provide your health care benefits. It can never be used for any other purpose. Even if Ford were to someday file for bankruptcy or be taken over by another owner, the money in the VEBA would be secure.

Solvency: During these negotiations, the UAW bargaining team insisted that the independent VEBA trust must be funded with sufficient cash and other assets to provide lifetime solvency based on current levels of medical benefits, using reasonable assumptions about health care inflation, investment returns and numerous other factors.

We enlisted the help and assistance of outside experts, including Lazard Freres and Milliman, two of the best investment banking and actuarial firms in the country. We made it clear to Ford we would never agree to a VEBA that is “short” on funding required to provide benefits at current levels on a lifetime basis.

We are pleased to report that after months of difficult bargaining, Ford agreed to fund the VEBA in a manner sufficient to provide benefits at current levels on a lifetime basis for current and future retirees, based on reasonable projections.

Contributions from active workers: A significant part of the funding for the independent VEBA trust is derived from sacrifices made by active UAW Ford workers, including continued deferral of the September 2006 3 percent wage increase, continuation of the 2 cents-per-quarter COLA diversion from the 2005 Agreement, an additional 4 cents-per-quarter COLA diversion over the 2007-2011 Agreement, and conversion of the value of a wage increase otherwise payable in 2008 into an ongoing contribution to the VEBA beginning in 2009.

\$15.4 billion in contributions from Ford: In order to secure long-term funding for retiree health care, Ford will continue to pay for retiree health care directly until 2010 (at a cost of roughly \$ 2.2 billion), and also contribute \$13.2 billion in cash and securities to the independent VEBA trust. This figure does not include additional value based on potential long-term increases in Ford’s

stock price. For example, if these funding components generate an additional \$1.7 billion as described below, the total value in the independent VEBA trust would be \$14.9 billion.

Funding for the independent VEBA trust, to be provided by Ford, will include:

- **\$6.5 billion** in cash contributions, beginning Jan. 1, 2008, (although the VEBA does not take over responsibility for providing benefits until January 2010).
- **A secured note** with a value of \$3 billion, payable over the next 10 years, with interest of 9.5 percent. This note is secured, meaning it is backed by assets at Ford Motor Co., which serve as collateral.
- **Fifteen additional annual \$52 million payments to the VEBA by Ford.** These annual payments are worth \$450 million on a present value basis.
- **A financial instrument, backed by Ford,** called a “convertible debenture” or “convertible note.” This note will have a face value of \$3.3 billion, and Ford will be required to pay annual cash interest on the note for the benefit of the VEBA. In the event that the price of Ford common stock increases above a certain level, VEBA trustees may convert the note to Ford stock and then sell this stock in order to diversify assets in the trust. This “conversion” mechanism allows the VEBA to benefit from increases in Ford’s stock price. For example, if the price of Ford stock increases approximately 50 percent anytime over the next five years, the value of the note would be \$5 billion. If the “conversion” is not triggered, the note will continue in effect, and the trustees can enforce Ford’s obligation to pay the trust the face value of the note, along with accrued interest.

VEBA trust pays benefits beginning Jan. 1, 2010: Starting Jan. 1, 2010, responsibility for retiree medical benefits will shift to the new VEBA. The VEBA will be required to continue benefits without change, in accordance with the earlier court-approved settlement agreement, to the end of 2011.

Sufficient resources to pay lifetime benefits: The funding level we have negotiated is expected to allow the VEBA to continue to provide benefits without change for the lifetime of current and future retirees. VEBA funding was calculated based on reasonable projections regarding medical inflation rates, investment returns and other factors. If actual experience is consistent with these projections, the VEBA will have sufficient assets to provide unchanged benefits on a lifetime basis. If actual experience is better than these projections (as a result, for example, of government action to finally address our country’s health care crisis), the VEBA’s funding status will exceed our projections, providing an additional layer of protection for your benefits. If actual experience is worse than projections (if, for example, investment returns are lower than projected on a long-term basis), the VEBA trustees may need to make benefit adjustments to maintain long-term solvency. But we have made every effort to obtain the necessary funding to minimize that risk. Your bargaining team believes the risk of a future VEBA shortfall is clearly preferable to the risk of relying on Ford to continue providing retiree benefits indefinitely.

Contributions by retirees capped at 3% until 2016, 4% afterward: In order to achieve long-term solvency, the UAW bargaining team did have to make one assumption about future cost savings. The 2005 settlement requires that monthly contributions (currently \$10 single/\$22 family) and co-pays and deductibles can increase by no more than 3 percent each year through 2011. Under the VEBA funding projections, we have assumed that this 3 percent cap on inflation increases remains in place through 2015 but will move to 4 percent starting in 2016. This change will have a relatively small impact. For example, in 2018 it would mean an expected monthly contribution \$1 higher than it otherwise would have been. Twenty years from now, in 2027, the impact of the change would still be only \$5 per month. Again, the actual experience of the fund may be better or worse than the projections, which may require the trustees to adjust these or other provisions over time.

Pension Gains for Current, Future Retirees

Your UAW bargaining team resisted persistent proposals from Ford for radical changes in our pension plan and succeeded in negotiating significant improvements. The company pursued numerous takeaways such as: freezing all credited service, imposing new restrictions on early retirements, and eliminating the Social Security age-creep patch which replaces the benefits lost due to the gradual increase in the Social Security normal retirement age.

Your bargaining team forged an agreement that provides significant benefit increases for current and future retirees.

Credited Service

The UAW has periodically negotiated pension credited service increases covering periods when Ford workers lost service due to layoffs and sick leaves. In this bargaining session, the union negotiated an improvement that a worker's credited service as of Dec. 31, 1995, would never be less than the worker's seniority at that date.

Interim Supplement

The interim supplement is paid to workers who retire prior to their Social Security 80 percent date and who have fewer than 30 years of credited service. This benefit is paid until that date in addition to the life income benefit described above, but is reduced for early retirement. The amount per month per year of credited service, under the current agreement, payable at retirement ages 60 and 61, is \$47.30. The corresponding amounts negotiated under the proposed agreement are \$48.25, effective Oct. 1, 2007; \$48.45, effective Oct. 1, 2008; \$48.65, effective Oct. 1, 2009; and \$48.85, effective Oct. 1, 2010. Reduced amounts will be paid for retirees at younger ages.

Social Security Age-Creep Adjustment

The Social Security age-creep adjustment, first negotiated in 1999, is extended through this agreement. The existing years covered were extended to retirees born between 1944 and Sept. 14, 1949. They will continue to receive supplements or temporary benefits to which they are entitled until they reach their so-called 80 percent date.

Retirements Under the New Contract

Life Income Benefit

The life income benefit rate is increased in each year of the proposed four-year agreement. These increases will total \$2.65 per month per year of credited service by the final year of the agreement. The increases will be effective Oct. 1 of each year of the agreement.

Insurance Overpayments

Beginning Oct. 1, 2007, retirees who have an outstanding overpayment under the Life and Disability Benefits Program will have their life income benefit rate increases reduced by 50 percent until their debt is repaid.

For Life Income Benefit Payable					
Basic Benefit Rate	Current Contract	Oct. 1, 2007 - Sept. 1, 2008	Oct. 1, 2008 - Sept. 1, 2009	Oct. 1, 2009 - Oct. 1, 2010	Oct. 1, 2010 and After
A	\$50.90	\$52.90	\$53.10	\$53.30	\$53.55
B	\$51.15	\$53.15	\$53.35	\$53.55	\$53.80
C	\$51.40	\$53.40	\$53.60	\$53.80	\$54.05
D	\$51.65	\$53.65	\$53.85	\$54.05	\$54.30

Temporary Benefit

The temporary benefit is paid to retirees who qualify for either a disability retirement and are not eligible for a Social Security disability income benefit, or for a special early retirement, and in either case have not reached their Social Security 80 percent date. This benefit is paid until that date in addition to the life income benefit described above, unreduced for early retirement. The proposed temporary benefits are shown below:

Temporary Benefit Amount Based on Retirement Dates					
	Current Contract	Oct. 1, 2007 - Sept. 1, 2008	Oct. 1, 2008 - Sept. 1, 2009	Oct. 1, 2009 - Sept. 1, 2010	Oct. 1, 2010 - and After
Rate	\$49.80	\$50.80	\$51.00	\$51.20	\$51.40
Max.	\$1,494	\$1,524	\$1,530	\$1,536	\$1,542

30-and-Out Supplement

The 30-and-out benefits will be increased \$150 for workers who retire before their Social Security 80 percent date during the term of the agreement. This will increase the 30-and-out income from the current \$3,020 to \$3,170 per month in the fourth year of the agreement. The 30-and-out monthly benefits for workers who retire under the proposed agreement are displayed below:

30-and-Out Supplements for Benefits Payable				
Current Contract	Oct. 1, 2007 - Sept. 1, 2008	Oct. 1, 2008 - Sept. 1, 2009	Oct. 1, 2009 - Sept. 1, 2010	Oct. 1, 2010 and After
\$3,020	\$3,140	\$3,150	\$3,160	\$3,170

Current Retirees

Life Income Benefit and 30-and-Out Supplement

The UAW has once again remembered our retirees and surviving spouses who retired prior to Oct. 1, 2007. In this proposed agreement, the life income benefit rate has been increased by \$2 per month per year of credited service. Those retirees receiving a 30-and-out supplement will receive a \$120 increase in the total amount payable to them, inclusive of the basic benefit rate increase. All increases are effective Oct. 1, 2007.

Temporary Benefit and Interim Supplement

Retirees receiving a temporary benefit will receive an increase of \$1 per month per year of credited service, to a maximum of \$30 per month. Retirees receiving an interim supplement will receive an increase of 95 cents per month per year of credited service, reduced if retirement was before age 60. These will be paid in addition to the increased life income benefit.

Retiree Lump-Sum Bonus

UAW retirees and surviving spouses whose benefit started before Oct. 1, 2007 will receive four lump-sum payments during the proposed 2007-2011 agreement. The payment for December 2007 will be \$700 for all retirees and \$455 for all surviving spouses. The lump-sum payments to be made in December 2008, December 2009 and December 2010 will be \$23.33 times years of credited service, with a minimum of \$233.33 and a maximum of \$700. Surviving spouses will receive 65 percent of the retiree amount. Examples are as follows:

Years of Credited Service	Payment To	
	Retiree	Surviving Spouse
10	\$233.33	\$151.67
20	\$466.67	\$303.33
30	\$700	\$455

Special Survivorship Option

Benefits under the Special Survivorship Option will be increased to \$14.10 per month per year of credited service, effective Oct. 1, 2007.

Improving Participation and Performance in TESPHE

As a result of recent federal legislation and in an effort to boost members' retirement savings, a new automatic enrollment program will become effective July 1, 2008, or as soon as practicable thereafter. This program will apply to future hires and members who currently do not participate in the Tax Efficient Savings Plan for Hourly Employees (TESPHE).

Under the auto-enrollment program, 3 percent of eligible weekly earnings will be deducted from pay and contributed into a default fund if a different investment choice is not selected. Members who do not want to participate in TESPHE will be able to opt out of the program within the 90-day advance notice and election period.

The default funds are life-cycle funds, designed to be growth-oriented at younger ages and protective of assets at ages approaching retirement. Per current TESPHE rules, members in the program can change investment selections and contribution percentages at any time. Auto-enrollment programs have been successfully implemented at a number of companies and can enhance the TESPHE as a valued supplement to our pension plan.

Phased Retirement Study

The Pension Protection Act of 2006 liberalized provisions relating to workers' eligibility for phased retirement, an option whereby a worker can transition to retirement by gradually reducing worktime and gradually increasing retirement time. The UAW and the company agreed to study the feasibility of offering a phased retirement program on a pilot basis.

TESPHE Fees to be Studied

It is well-known that small differences in funds' fees and expenses can have a dramatic effect on investment returns over the course of a working career. Accordingly, the UAW and the company agreed to jointly select an independent consultant to evaluate the fees and expenses charged to members, as well as the performance of all funds in Tax Efficient Savings Plan for Hourly Employees (TESPHE).

Qualified Domestic Relations Orders

Future retirees who have Qualified Domestic Relations Orders that require a portion of their retirement benefit be paid to an alternate payee will now only have an equivalent portion of the spousal reduction charge deducted from their pension, instead of paying 100 percent of the survivorship coverage.

Survivor Coverage Improved

The one-year marriage rule has been changed from the actual date of marriage to the first day of the month of the marriage. If future retirees should pass away during the 12th month, but before the exact date of the first year of marriage, the surviving spouse would still qualify for survivorship coverage.

Improvements for AAI Workers

Workers who have credited service at both AAI and Ford will receive all of the increases for future retirees described on page 16, "Retirements under the new contract," for their years of credited service at Ford.

In addition, our bargaining team negotiated improvements for the years of AAI credited service earned by these workers. All future AAI retirees who do not elect the lump-sum option will receive the Ford pension class code designation and the 2007 Ford pension rates.

In addition, the AAI benefit will be available for early commencement (under age 55) at the appropriate reduced rate.

AAI retirees who did not take the lump sum and who retired under the 2003 agreement will have Ford benefit class codes added and their benefit levels will be upgraded to the levels in the 2003 Ford pension. This increase is effective Oct. 1, 2007.

ZF Batavia Workers Win Improvement

Workers at ZF Batavia will have their benefits under the ZF Batavia pension plan increased to match the rate structure in the UAW-Ford Retirement Plan. The Life Income Benefit rate, the Supplemental Allowance and Temporary Benefit rates will also increase to match the UAW-Ford plan.

Skilled-Trades Language Designed to Retain, Bring Work Back into Plants

Tool Allowance Adjustment

UAW Ford skilled-trades members will receive a tool allowance adjustment of 20 cents an hour effective Sept. 15, 2007.

Labor Costs to be Defined, Consistent

Our skilled-trades negotiators won language that defines specific methodology to set plant labor costs so that our members have greater ability to retain project work. For decades, ever-changing methods of determining plant labor costs used by management at each location worked against our skilled-trades members when bidding on projects. In some cases, locations counted unnecessary costs for items such as gloves and coveralls when determining our labor costs, putting us at a severe disadvantage when bidding against outside contractors.

The new language sets consistent methodology to determine actual plant labor costs. Each location will have its labor costs determined in the same manner, preventing the company from attempting to force skilled-trades bargaining units in different locations to compete against outside contractors using dissimilar and unfairly burdened labor rates.

The bargainers also won language that requires the company to share information about current and future project work with the local union on a regular basis. Engineering fees will now be excluded from the business case.

Skilled-Trades Governance

A National Joint Skilled-Trades Governance Team (NJSTGT) will be established to ensure that language agreed to in this proposed agreement and past agreements is being implemented and adhered to.

The committee will also make sure that changes and current practices in skilled trades are being done consistently

throughout the company to prevent whip-sawing. The panel will also benchmark Ford competitors to ensure our skilled-trades model achieves the highest level of performance and best practices.

The NJSTGT will also come up with a strategy to utilize excess skilled-trades workers.

A local skilled-trades governance team will be established at worksites to ensure the directives of the national parties are being carried out.

Skilled Trades Can Bid Against Contractors for Warranty Work

Our skilled-trades workers can now bid on warranty work currently being done by outside contractors for vendors. A mechanism was created to invoice plant labor costs back to the vendor while keeping remaining vendor warranties intact. This language finally breaks the long standing and highly contested loophole that allowed vendors to automatically award warranty work to a subcontractor outside our competitive bidding process.

\$20 Million Tool and Die Investment in Dearborn

Due to recent improvements in competitiveness, our negotiators were able to successfully win a commitment from the company to invest \$20 million in purchasing new five-axis mills for the Dearborn Tool and Die plant during the term of this agreement.

Minor Maintenance and 'Helping Hands' Defined

Under terms of the proposed agreement, "helping hands" is limited to break-downs only, when the primary mechanical trade needs assistance and additional trades in the same classification are unavailable. Minor maintenance is defined to maintain appropriate distinction between production and maintenance work.

More Chances for Refurbishment Jobs

The proposed agreement includes language that requires Ford Divisional Manufacturing Engineering to include UAW skilled-trades workers when outside contractors are being considered to rebuild used and surplus equipment. Work that can be performed within cost and timing parameters will be performed by UAW Ford skilled-trades workers.

Project Coordinator Classification to Receive Increase Faster

Our skilled-trades workers in the project coordinator classification will no longer have to wait months for their pay increase, under language that sets a new process for project coordinator pay requests in a template form to expedite rate increase requests efficiently.

Apprenticeship Program Strengthened

Our bargaining team at Ford made significant improvements in our world-class apprenticeship program to ensure that our future journeypersons remain fully trained and versatile to accomplish their expanded tasks in a safe and efficient manner.

It was also agreed that the previously successful "Trouble Shooting Strategies" course originally developed for the electrical and machine repair classifications will be expanded and developed for the plumber/pipe fitter and tool and die classifications.

The bargaining committee won changes in the apprenticeship forecasting methodology to force the company to re-evaluate the forecasting data. Negotiators also won language that revises and expands the task-based apprenticeship to account for the consolidations and includes training concepts such as FTPM, FPS, MOS and QOS as they related to the skilled trades.

Skilled-Trades Classification Consolidation

Our negotiators successfully sustained the integrity of the skilled-trades classification structure. We maintained the apprenticeable trades by consolidating the numerous classifications back into their base trade while also retaining date of entry seniority. Those classifications without a base trade as defined below will be able to maintain their current classification, with no loss of pay, until they attrit.

Classification consolidations will not result in an indefinite layoff or job security action or a loss of seniority.

There will now be 22 base classifications:

- Electrician
- Tool and die maker
- Tool maker and template maker
- Machine repair
- Millwright

- Sheet metal worker
- Plumber/pipe fitter
- Welder, general
- Mechanic, auto
- Industrial truck mechanic
- Refrigeration/AC machine operator
- Refrigeration maintenance and installation
- Powerhouse mechanic
- Stationary steam engineer
- Metal model maker
- Pyrometer (Cleveland)
- Inspector, tooling layout
- Experimental parts and body maker
- Maintenance, general plant skilled
- Machining specialist
- Machinist
- Carpenter, all-around

No Umbrella Combinations

Our negotiating committee resisted attempts to combine trades under the um-

rella concept. There are no mechanical or electrical umbrellas for any classifications or combinations thereof.

Enhanced Training

In light of skilled-trades classification consolidations and technological advances in tooling and machinery, our bargaining team won language that will empower the National Joint Apprenticeship Committee (NJAC) to identify and establish a training needs matrix specific to each skilled-trades classification by department and plant.

This matrix will then be used to develop a task-based training plan for each skilled trades worker based on individual need. It will include any skill development, including classroom, on-the-job, Web-based or other training necessary to allow the worker to accomplish the tasks with quality and safety being paramount.

This training will be developed and overseen by the NJAC.

Pay for Medical Treatment Beyond Normal Work Hours Improved

Workers who are injured on the job and must go to the hospital will be paid for the time they spend in treatment beyond their normal working hours at time and a half. Workers must provide suitable evidence of time spent in treatment, and the maximum compensation remains at four hours.

Jury Duty Language Improved

Your bargaining team improved the jury duty provisions. Afternoon-shift workers will now be excused on either the shift before jury service or the shift after, at the option of the worker. Workers who are called in and who report for jury duty during a workday that is within the worker's scheduled vacation shutdown may request equivalent EAA hours for each day served, provided satisfactory evidence of the jury service is provided. At locations where there is an Alternative Work Schedule, the EAA

time may be requested in increments of one regular shift for each regular workday served.

Bereavement Pay Expanded

Workers are now eligible for bereavement pay in the event of the death of a

birth parent and an adoptive parent, an improvement over the current provisions. Bereavement pay is currently either a birth parent or the adoptive parent.

National Attendance Program Established; Allows Flexible Use of EAA Days

Your bargaining committee was mindful of the differences and inconsistencies in attendance policies at various Ford locations. Negotiators bargained a national attendance program that ensures consistency and fairness throughout all locations and also provides flexibility so workers can deal with unplanned events. The program will become effective Jan. 7, 2008.

Workers will now be able to use their Excused Absence Allowance (EAA) days after the fact, provided the following conditions are met:

- The worker has EAA time available.
- The EAA time is taken in increments

of eight hours, unless under an Alternative Work Schedule, where the day will be taken in the equivalent of one regular shift.

- The worker has no attendance-related discipline on record at the time of the absence.
- There are no adverse effects to production due to the collective level of unplanned absences.

EAA time does not count toward absentee discipline. Workers will still be able to schedule EAA time in advance. Workers are still expected to call in all unplanned absences at least 15 minutes prior to the start of a shift.

Health Care Protected, Benefits Improved

Health care was an extremely difficult issue in this round of bargaining, but our national negotiating team at Ford successfully resisted the company's efforts to shift many substantial costs to our members. Negotiators saved our HMOs and PPOs and made key improvements in several areas.



UAW President Ron Gettelfinger, left, listens as union negotiators make a point during a bargaining briefing session.

HMO, PPO Coverage Maintained

The company pushed to restrict your choice of health plans. Your negotiating team successfully resisted these efforts and the existing HMO and PPO plans remain available in addition to the National PPO plan. Dental HMOs were also maintained.

Effective March 1, 2008, the office visit co-pay in all HMO plans increases to \$25 for HMO subscribers who are active employees. Also effective March 1, 2008, a \$100 emergency room co-pay was added for HMO subscribers who are active employees. This co-pay is waived if the patient is admitted to the hospital.

Effective Jan. 1, 2008, those enrolled in the Blue Preferred Plus PPO and the Blue Select PPO will have a \$150 in-network deductible for single coverage and a \$300 in-network deductible for multiple-party coverage. The following services will not be subject to the plan deductibles: prescription drug co-pay, office visit co-pay, durable medical equipment, prosthetic and orthotic appliances, mental health and substance abuse and certain preventive screenings.

Effective Jan. 1, 2008, there will also be a \$100 emergency room charge for active employees in these two PPOs, which is waived if the patient is admitted to the hospital.

HMO and PPO plans remain subject to annual review for cost effectiveness under the Alternative Plan Value Letter.

In addition, effective March 1, 2008, the National PPO (NPPO) will provide five office visits per active worker per year at a co-pay of \$25 per visit, if their HMO or PPO plan has to be dropped and no other HMO or PPO plan is available in their area.

Prescription Drug Co-pays

Effective Jan. 1, 2008, mail-order prescription drug co-pays for active workers enrolled in the National PPO (NPPO) increase by \$3 for a 90-day supply to \$10 for generic, \$15 for brand, and \$19 for erectile dysfunction (ED) drugs.

As of Jan. 1, 2008, certain over-the-counter antihistamines and vitamins will no longer be covered under the prescription drug program. In addition, the mail-

order maintenance drug list was updated, adding more than 30 drugs and removing four drugs for patient safety reasons.

Physician Extender Services Now Covered

Health care access will be improved, as physician extenders (non-physician practitioners) are now covered in the NPPO plan. These include practitioners such as advanced practice nurses and physician's assistants.

Preventive Tests Improved

Effective Jan. 1, 2008, a number of additional preventive and screening tests were added to the NPPO coverage.

A woman whose mammogram is inconclusive is now eligible to have an MRI for additional cancer screening as recommended by the American Cancer Society.

Annual eye exams will also be covered under the vision benefit to help detect high blood pressure, heart disease and high cholesterol at an earlier stage.

A screening colonoscopy is now covered once every 10 years beginning at age 50. People with a high risk of colorectal cancer based on family history or genetic factors can have this test every two years starting at age 25 and every year as of age 40.

Hospice Care Can be Extended

The cap on covered hospice services can now be exceeded by the enrollee if authorization is obtained from the health insurance carrier's case management program.

Dental Improvements

The annual dental maximum and lifetime orthodontic maximums for dental coverage were increased.

Effective Jan. 1, 2008, the annual maximum will increase to \$1,850 (from \$1,700), and the orthodontic maximum will increase to \$2,200 (from \$1,800).

There were other dental changes, including:

- Full-mouth bitewing X-rays will be covered once per year for children 14 and younger and once every two years for 15 and older.
- Participants are eligible for two brush biopsies per year to screen for oral cancer.
- Fluoride trays for those undergoing chemotherapy will be covered.
- Those with a documented history of periodontal disease can now have four cleanings per year, up from three.

DME and P&O Updated

Durable medical equipment (DME) and prosthetic and orthotic (P&O) coverages have been updated to Medicare levels.

Hearing Aid Coverage

Effective Jan. 1, 2008, hearing aid coverage will be improved so that active members receive a \$2,000 allowance for hearing aids, ear molds and associated devices every three years.

In addition, Ford and UAW continue to evaluate a network provider system for hearing aids, which would improve access and quality, as well as result in cost savings for actives and retirees. Upon implementation, retirees will get two digital hearing aids under the network.

Eligibility Changes

There were changes to eligibility for certain dependent children. Principally supported children who are enrolled in the program as of ratification will be “grandfathered” – and there will be no

new principally supported coverage available afterward. Legal guardianship has been limited to minor children who are related by blood to a primary enrollee or spouse. In addition, effective Jan. 1, 2009, children 19 and older will be covered only if they are full-time students. Such full-time student coverage will be available through age 24.

Community Health Care Initiatives Maintained

The existing Community Health Care Initiative sites were maintained.

Immunizations Updated

Immunization coverage was expanded to include new doses and new vaccines per national recommendations.

Ambulance Coverage Improved

Effective Jan. 1, 2008, services will now be covered if the ambulance treats the participant at the scene but does not actually transport them to a medical facility.

National Institute for Health Care Reform

The UAW and Ford have agreed to an unprecedented commitment to improve the affordability, accessibility and accountability of the U.S. health care system, including the pursuit of a lasting solution to our national health care cost crisis.

The parties have agreed to create the National Institute for Health Care Reform that will serve as a premier research and educational health care reform center dedicated to understanding, evaluating and developing thoughtful and innovative reform to improve the medical delivery system in the United States and expand access to high-quality, affordable and accountable health care coverage for all Americans.

Ford has committed to five annual \$1 million contributions to fund the Institute.



Negotiators Jeff Terry (second from right) and Jodey Dunn (right) review contract language with UAW Vice President Bob King and Chuck Browning, assistant director of the union's National Ford Department.

Group Life, Disability Improved; Benefits Protected for Injured Workers and Disabled Retirees

Our bargaining team at Ford successfully improved our Group Life and Disability insurances, and won new protections for injured workers. The proposed agreement includes disability language that makes the filing process easier, eliminates unnecessary delays, reduces paperwork and red tape, provides professionals to assist our members, and ensures equal treatment for all workers with non-job-related injuries or illnesses.

Negotiators also protected our pocketbooks by holding the line on proposed rate increases for retirees' optional insurance, while reducing the cost for active workers.

Survivor Benefits

Transition benefits have been increased \$50, from \$650 to \$700 per month. The Bridge benefit has been increased \$50 per month, from \$650 to \$700. In addition, the Transition benefit offset for receipt of Social Security will increase by \$25, from \$350 to \$375.

Accident and Sickness (A & S) and Extended Disability Benefits (EDB)

As a result of the negotiated increases in the base hourly rate, all workers will receive increases in the Accident and Sickness Benefits and Extended Disability Benefits. Benefits under the Life and Accidental Death and Dismemberment coverages also increase (see chart).

In addition, there will be a joint effort to reduce inappropriate use of disability benefits by focusing on certain physicians. These physicians may be removed from the program and any certifications coming from them will no longer be regarded as proof of disability.

In an effort to minimize the impact of overpayments from Social Security Disability Insurance Benefits (SSDIB), the parties have agreed to allow the use of so-called "sweep accounts," as part of the new Social Security disability application process through the UAW-Ford Legal Services Plan (see below). Under the current program, members agree to

repay any benefit they were paid by the A&S or EDB Program when they receive their retroactive SSDIB award. The sweep account, which is voluntary, allows SSDIB to transfer funds directly into the sweep account which are then directed to Ford. This will help prevent over payment recovery situations for our members.

Life Insurance

Life insurance coverage will increase with base hourly wage increases (see chart). In addition, members will become eligible for life insurance on the day of hire. Previously, they became eligible the first day of the month after hire.

Exam Mileage Reimbursement

The exam mileage reimbursement was increased to the IRS maximum limit of 48.5 cents and will keep pace with increases by the IRS.

Psychologist Can Now Put Member on Medical Leave

Negotiators won language that allows a psychologist to put a member on medi-

cal leave for the first 30 days of medical leave. This clears up the current situation where the company accepts the psychologist's note for medical leave, but Unicare does not recognize the psychologist and denies the A & S benefit. After the 30-day period, treatment by a psychiatrist will be required.

Benefits Protected for Disabled Retirees; Multiple Unicare Filings No Longer Needed

Disabled retirees will no longer be required to provide yearly medical updates. For those disability retirees who receive the Unicare supplement to make up the difference between the Accident & Sickness benefit and the Pension benefit, Unicare will no longer actively manage their cases after one year. Negotiators were aware of cases where Unicare stopped payments to retirees who had difficulties getting annual documentation from doctors who have moved or passed away or from doctors who have not previously treated their conditions.

EXAMPLES OF INSURANCE BENEFIT INCREASES

The table below illustrates the benefit improvements payable to a typical worker in the assembler and tool and die classifications.

Prior Amounts of Insurance and Amount of Increase

Classification	Base Hourly Rate	Weekly A&S	Monthly EDB I*	Monthly EDB II**	Life Insurance	AD&D	Total Life Insurance
Assembler		\$625	\$2,255	\$2,485	\$59,500	\$29,750	\$89,250
Tool and Die		\$735	\$2,650	\$2,915	\$70,500	\$35,250	\$105,750

Examples of Insurance Benefit Increases

Classification	Base Hourly Rate	Weekly A&S	Monthly EDB I*	Monthly EDB II**	Life Insurance	AD&D	Total Life Insurance
Assembler		\$675	\$2,485	\$2,730	\$64,500	\$32,250	\$96,750
Tool and Die Maker		\$785	\$2,890	\$3,170	\$75,000	\$37,500	\$112,250

*Employee with less than 10 years of participation

** Employee with 10 or more years of participation

Equal Treatment for Non-job-Related Injury and Illness

In a major breakthrough for workers with non-job-related injuries and illnesses, UAW Ford negotiators won a commitment from the company for equal treatment for all workers with such conditions. All Class II and Class III status employees will be returned to a Class I medical status and Class II and III medicals will be eliminated. This will ensure that no member will be treated differently because his or her work location is unable to accommodate a work restriction or due to other placement issues. As a result, no member will be put in a situation where he or she will eventually run out of health care benefits, be unable to retire or lose Ford employee status.

As currently, workers on Class I medical status will retain health care benefits and are paid Accident and Sickness and Extended Disability Benefits.

UAW Legal Services to Advocate for Members on Social Security Disability

Our negotiators recognized the need for our members to have competent legal advice when they file for Social Security disability benefits. UAW Legal Services will now handle the filing of the Social Security disability application for any member who is required to file while receiving disability benefits from Unicare, at no cost to the member. Legal Services will also ensure that no one will have to go through the Social Security disability application process if it is not likely they will be approved (see below).

Medical Leave and Disability Claim Process Simplified

A new, simplified and combined process for medical leave and disability claims will result in more timely A&S payments and should help with the “20-day rule” that resulted in members having problems getting their benefits. The new process will establish a toll-free number for members to call in for their conditional medical leave, and to initiate their disability application. The necessary forms will be mailed to a worker who needs to file a claim, while his or her work location and Unicare will be notified.



UAW President Ron Gettelfinger, left, gets an update on the progress of bargaining from UAW Vice President Bob King.

Hourly Optional Employee and Dependent Life Insurance Plan Improvements

There will be an open enrollment period in each year of the proposed contract: 2008, 2009, 2010 and 2011. This is an improvement over current contract language, which had an open enrollment period for only the first year of the agreement.

You will be able to enroll in Level 1 or Level 2 without providing Evidence of Insurability (EOI). If you choose to go up to a higher level, you may do so by supplying the necessary EOI.

Six new Employee levels will be added, and three new Dependent levels will be offered.

New Dependent Optional Life Levels
12 - \$100,000 spouse/ \$40,000 each child
13 - \$125,000 spouse/ \$50,000 each child
14 - \$150,000 spouse/ \$60,000 each child

Negotiators also added an Accelerated Death Benefit option to the Optional Life benefit— up to 80 percent of the life insurance benefit will be available to the terminally ill employee/retiree with a life expectancy of less than 12 months.

The company wanted an increase of 20 percent for Retiree Optional Accident, Life and Dependent Life rates. Our bargaining committee rejected this to hold the rates to the 2003 contract levels.

Negotiators also won a significant cost savings for our active members. Under terms of the proposed agreement, active UAW Ford workers will see a 4 percent rate reduction for the cost of their Optional Life and Optional Dependent Insurance.

New Employee Optional Life Levels
12 - \$225,000
13 - \$250,000
14 - \$275,000
15 - \$300,000
16 - \$400,000
17 - \$500,000

Health and Safety

Negotiators Hold Ford Accountable for Health and Safety of UAW Workers

The UAW Ford bargaining team won several improvements to address health and safety issues while holding the company accountable to its stated commitments.

The following are some improvements negotiated by our team:

- Enhanced ergonomics, metalworking fluids control and placard requirements.
- Increased training for UAW health and safety representatives.
- Coordinated health and safety research.
- Consistent discipline for alleged safety violations by management.
- Greater involvement of UAW health and safety representatives in numerous issues.

Placards: Accurate Safety Signage Now Mandatory

Inaccurate or nonexistent placards on new and/or modified machinery are serious safety hazards. The UAW team at Ford won language that forces the company to immediately correct this and ensure that accurate placards are affixed to newly installed machinery so workers have full knowledge about the machinery and the required tasks and minimum standards before starting work. Placards will be standardized throughout the Ford system so workers who transfer between facilities will understand job standards and potential health and safety hazards at their new facility.

Placards will also be part of the preventive maintenance program and subject to a yearly visual inspection by skilled trades.

Temporary Ergonomics Fixes Must Be Permanent

The proposed language also calls on the company to make a permanent ergonomics correction — instead of a temporary fix — within six months of a problem being identified by the local ergonomics committee. Language was won to review additional advanced ergonomics training for ergonomics committee members.

Under the proposed contract, UAW members at smaller Ford facilities will benefit from new language that increases the hours allotted to the union ergonomics committee for training. Worksites with fewer than 50 bargaining unit members will be allowed to have their ergonomics committee devote up to eight hours per week on ergonomics training, investigation and analysis. Worksites with 51 to 124 workers will be granted up to 16 hours per week.

Training, Duties for Health and Safety Representatives

Our bargaining team at Ford won language that improves and/or increases training for UAW health and safety representatives and/or members in a number of areas, including:

- An enhanced Guidelines, Responsibilities and Safe Practices (GRASP) refresher course.
- Training materials in digital/Web format for enhanced, timely delivery.
- Updated Confined Space Entry Program.
- Improved “Train the Trainer” techniques course.

The company will reimburse UAW representatives for attendance at external health and safety standards meetings such as those by the American National Standards Institute (ANSI) and the National Fire Protection Association (NFPA) on standards affecting the workplace. Attendance at these functions gives our union say in how national health and safety standards are set.

The health and safety representative will also conduct focused departmental health and safety audits on a weekly basis with company representatives. The results will be reported to the plant Safety Process Review Board.

Consistent Handling of Health and Safety Violations

Health and safety violations are serious, no matter who is responsible. UAW negotiators demanded and won timely investigations of health and safety violations that are alleged against non-bargaining unit personnel.

Coordination of Research

In an attempt to coordinate research efforts and make the most efficient use of

available resources, health and safety negotiators won language that requires Ford to participate with our UAW health and safety counterparts at General Motors and Chrysler to develop a common research agenda and projects.

More Reporting/Monitoring of Metalworking Fluid Exposures

Our UAW Ford bargaining team continues the union’s work to ensure that UAW members are protected by stricter standards than those adopted by the federal government, which are not always adequate or based on the best available science. In previous agreements, for example, we have negotiated a limit of 1 milligram per cubic meter for exposure to metalworking fluids, far stricter than the U.S. Occupational Safety and Health Administration standard of 5 milligrams per cubic meter. In this round of negotiations, UAW bargainers won language that states if the Threshold Limit Value (TLV) reaches 50 percent of the UAW-negotiated exposure limit of 1 milligram per cubic meter, the company is required to perform additional monitoring and corrective action, if necessary.

Each applicable facility will also be required to provide an annual oil mist map to determine where mist occurs. UAW health and safety representatives will be trained and participate in mist-mapping procedures.

You're a Critical Part of UAW Health and Safety

Keeping a tight grip on costs at Ford helps us stay competitive, but never at the expense of health and safety. We're proud of the exceptional health and safety programs won by our bargaining team.

Recent incidents resulting in fatalities and injuries reconfirm the need not only for these programs — especially power lockout — but for everyone to follow established health and safety guidelines.

Be your brothers' and sisters' keeper by making sure we work safe.

68 Holidays Over Four Years

A total of 68 holidays will be provided to UAW Ford workers over the four-year term of the proposed agreement. The tentative agreement again retains the two national Election Days negotiated in the previous agreement.

Veterans Day will be observed on Friday the first two years of this agreement and on Monday in the third and fourth years.

The tentative agreement also maintains the Monday after Easter, the Monday commemorating the birthday of the late Rev. Martin Luther King Jr. and the paid Christmas through New Year's shutdowns. In addition, members will have two "family days" that can be scheduled during the term of the agreement.

The schedule of paid holidays negotiated for the term of the proposed agreement is:

2007-2008		2008-2009	
Nov. 16, 2007	Veterans Day (Observed)	Nov. 4, 2008	Federal Election Day
Nov. 22, 2007	Thanksgiving	Nov. 14, 2008	Veterans Day (Observed)
Nov. 23, 2007	Day after Thanksgiving	Nov. 27, 2008	Thanksgiving
Dec. 24, 2007	} Christmas Holiday Period	Nov. 28, 2008	Day after Thanksgiving
Dec. 25, 2007		Dec. 24, 2008	} Christmas Holiday Period
Dec. 26, 2007		Dec. 25, 2008	
Dec. 27, 2007		Dec. 26, 2008	
Dec. 28, 2007		Dec. 29, 2008	
Dec. 31, 2007		Dec. 30, 2008	
Jan. 1, 2008		Dec. 31, 2008	
Jan. 21, 2008	Martin Luther King Jr. Day	Jan. 1, 2009	
Mar. 21, 2008	Good Friday	Jan. 2, 2009	
Mar. 24, 2008	Day after Easter	Jan. 19, 2009	Martin Luther King Jr. Day
May 26, 2008	Memorial Day	April 10, 2009	Good Friday
July 4, 2008	Independence Day	April 13, 2009	Day after Easter
Sept. 1, 2008	Labor Day	May 25, 2009	Memorial Day
		July 3, 2009	Independence Day (Observed)
		Sept. 7, 2009	Labor Day
2009-2010		2010-2011	
Nov. 16, 2009	Veterans Day (Observed)	Nov. 2, 2010	Federal Election Day
Nov. 26, 2009	Thanksgiving	Nov. 15, 2010	Veterans Day (Observed)
Nov. 27, 2009	Day after Thanksgiving	Nov. 25, 2010	Thanksgiving
Dec. 24, 2009	} Christmas Holiday Period	Nov. 26, 2010	Day after Thanksgiving
Dec. 25, 2009		Dec. 24, 2010	} Christmas Holiday Period
Dec. 28, 2009		Dec. 27, 2010	
Dec. 29, 2009		Dec. 28, 2010	
Dec. 30, 2009		Dec. 29, 2010	
Dec. 31, 2009		Dec. 30, 2010	
Jan. 1, 2010		Dec. 31, 2010	
Jan. 18, 2010	Martin Luther King Jr. Day	Jan. 17, 2011	Martin Luther King Jr. Day
April 2, 2010	Good Friday	Apr. 22, 2011	Good Friday
April 5, 2010	Day after Easter	Apr. 25, 2011	Day after Easter
May 31, 2010	Memorial Day	May 30, 2011	Memorial Day
July 5, 2010	Independence Day (Observed)	July 4, 2011	Independence Day
Sept. 6, 2010	Labor Day	Sept. 5, 2011	Labor Day

Plus two "family days" over the four-year term of the agreement.

Christmas Bonus

UAW Ford workers will continue to receive a Christmas bonus of up to \$600 in all four years of the agreement. Eligibility remains the same as in the current agreement. The amount of the bonus will follow the schedule below:

Pay periods worked:	Amount of bonus:
26 or more	\$600
20-25	\$450
13-19	\$300

Production Standards Protect Against Abuse

The bargaining team recognized current business challenges and negotiated language that creates flexibility for the company and protects members from unnecessary layoffs and abusive scheduling and relief practices.

The UAW team also won language that improves MODAPTS training for job security representatives.

Alternative Work Schedules

Alternative work schedules will be maintained at the five locations where they are currently in effect. Your bargain-ers agreed these schedules can be utilized at other locations with the approval of the UAW National Ford Department.

Alternative work schedules that differ from those established at the above locations may be negotiated if the modified Alternative Work Schedule meets the needs and circumstances of that location, and is approved by the UAW National Ford Department.

A and X Plan Discounts Extended to Those Taking Separation Package or on Layoff

Our negotiators won language that extends the A and X plan vehicle purchase discounts to workers taking a separation package and hourly employees on layoff during the first 12 months of their layoff, and to members of their immediate families.

Representation Improved

Our bargaining team at Ford won language designed to maintain representation and give local unions flexibility as the company restructures. Bargaining units that fall below 599 workers but with no less than 400 workers will be allowed to combine two part-time elected committee-people into one full-time position and may also choose to realign representation according to their needs.

In addition, to ensure the safest possible work environment for all UAW Ford workers, the proposed contract adds an additional health and safety representative for plants that go to a Three Crew Operating Pattern.

The bargaining committee also won a new full-time benefits representative to serve UAW members at the Ford Customer Service Division Distribution Centers which do not currently have a full-time benefits representative on site.

Discounts Maintained for Parts, Extended Service Plan for Workers, Retirees

Our bargain-ers won language that ensures active workers and retirees continue to receive a discount on Ford Extended Service Plans purchased for personal vehicles through a Ford or Lincoln-Mercury dealership. The parts discount for active workers and retirees was also maintained.

Transition for Janitorial Workers

Past and ongoing whipsawing by Ford has reduced both the number and the wages of janitorial workers in UAW Ford facilities. The proposed agreement allows Ford to exit specific janitorial functions by January 2009. UAW Ford workers who currently occupy these jobs will be offered opportunities to transition to other work in their facility. If no alternative jobs are available, the worker will be "red-circled" and the job vacated through attrition.

We have won a commitment that janitorial contractors will pay their workers well above a living wage and respect their right to join the UAW.

Opportunity for Parity With Salaried Workers on Incentive Plans

Ford's Annual Incentive Compensation Plan (AICP) allows salaried workers to earn incentive payments if performance targets are met in areas such as cost, market share and quality, even if profit-sharing payments would not apply in a particular year.

The UAW and Ford agreed that in any year company earnings are not sufficient to produce a profit under the UAW-negotiated profit-sharing plan, but salaried workers are eligible for AICP payments, management will meet with the union to discuss the possibility of issuing a lump-sum payment to workers who have contributed to the company's success. Such payments are not required but will be at the company's discretion.

Dues: A Constitutional Matter

Dues are determined by UAW Constitutional action and are not a subject of negotiations. Dues are based on the principle that they reflect each worker's cash income, normally two hours pay per month. Lump-sum cash payments are subject to dues because they too represent cash income, and are assessed at the traditional rate of 1.15 percent, which is equivalent to two hours pay per month.

Duration and Ratification

These proposed changes in the proposed agreement will not take effect until the tentative agreement is ratified by a majority of our respective membership, and only then on the appropriate dates specified.

The new agreement, if ratified, would run for four years and would expire at midnight Sept. 14, 2011.

UAW Ford Report

This report was prepared for the UAW National Ford Department, Vice President and Director Bob King, by the UAW Public Relations Department. This is a summary of the tentative agreement. In all cases, the actual contract language will apply. All photos by Jim Parks, UAW Local 245.

NOTES

2007 UAW Ford National Negotiating Committee



Curson



Mason



Gettelfinger



King



Fields-Jacobs



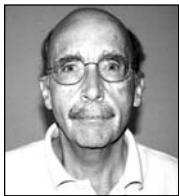
Browning



Sherrick



Ewing



Gayney



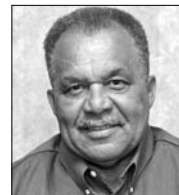
McClain



Goddard



Abell



Washington



Keatts



Ricke



El-Amin-Wilson



Berry



Viscomi



Crump



Gangarossa



Levandusky



Terry



Verellen



Dunn



Rogers

This is the UAW's national negotiating team whose efforts led to the achievement of a new tentative agreement at Ford Motor Co. **Ron Gettelfinger** is the president of the International Union, UAW; **Bob King** is vice president and director of the UAW Ford Department; **Garry Mason** is the top administrative assistant to Gettelfinger; **Dave Curson** is director of UAW special projects; **Wendy Fields-Jacobs** is the top administrative assistant to King; **Chuck Browning**, **Joseph Carter**, **Dan Brooks** and **Joe Gafa** are assistant directors of the UAW Ford Department; **Frank Keatts** is a coordinator for the UAW Ford Department; **Dan Sherrick** is director of the UAW Legal Department; **Chuck Gayney** is director of the UAW Social Security Department; **Tim McClain** is director of the UAW Health and Safety Department; **Linda Ewing** is director of the UAW Research Department; **Joel Goddard**, UAW Local 898, Rawsonville, Mich., is co-chairperson of the UAW Ford National Negotiating Committee, and represents Subcouncil 6 (Manufacturing); **Mike Abell**, UAW Local 862, Louisville, Ky., Subcouncil 2 (Assembly) is co-chairperson of the committee; **Jeff Washington**, UAW Local 900, Wayne, Mich., Subcouncil 2 (Assembly) is secretary of the committee; **Bernie Ricke**, UAW Local 600, Dearborn, Mich., Subcouncil 1 (Rouge); **Davine El-Amin-Wilson**, UAW Local 600, Dearborn, Mich., Subcouncil 1 (Rouge); **Dave Berry**, UAW Local 36, Wixom, Mich., Subcouncil 2 (Assembly); **Chris Viscomi**, UAW Local 2000, Sheffield Village, Ohio, Subcouncil 3 (Skilled Trades); **Chris Crump**, UAW Local 600, Dearborn, Mich., Subcouncil 3 (Skilled Trades); **Charlie Gangarossa**, UAW Local 897, Buffalo, N.Y., Subcouncil 4 (Stamping); **Tim Levandusky**, UAW Local 1250, Brook Park, Ohio, Subcouncil 4 (Stamping); **Jeff Terry**, Local 228, Sterling Heights, Mich., Subcouncil 5 (Engine, Transmission and Powertrain); **Johnny Verellen**, UAW Local 400, Romeo, Mich., Subcouncil 5 (Engine, Transmission and Powertrain); **Jodey Dunn**, UAW Local 723, Monroe, Mich., Subcouncil 6 (Manufacturing); **Dave Rogers**, UAW Local 249, Pleasant Valley, Mo., Subcouncil 7 (Parts).