



UAW CHRYSLER

Modifications to 2007 Agreement and Addendum to VEBA Agreement

April 2009

A Message to UAW Chrysler Workers

Dear Brothers and Sisters,

As we all know, Chrysler Corp. and the entire U.S. auto industry is engulfed in a severe crisis. Chrysler lost \$8 billion in 2008 and is projected to sustain unprecedented losses again in 2009. We as workers are fighting for our very existence.

After a lengthy process that included congressional hearings and petitioning the White House, Chrysler was granted an initial \$4 billion loan by the Bush administration on Dec. 19, 2008. However, in order to receive the additional federal loans Chrysler must have to survive, the company was required to provide the federal government with a restructuring plan demonstrating its long-term viability. Chrysler submitted its plan, which included proposed modifications to our labor agreement, to the U.S. Treasury Department on Feb. 17, 2009. On March 30, President Obama announced that the company's plan didn't go far enough in reducing costs and laying the groundwork for sustainability. He said Chrysler must form a partnership with Fiat or another automaker within 30 days to receive \$6 billion in additional loans. The Treasury Department's auto task force also required deeper concessions from UAW members, retirees and other company stakeholders.

In April 2009, Chrysler and Fiat reached a partnership agreement. In exchange for an initial 20 percent equity stake in Chrysler, Fiat has agreed to share all its product platforms with Chrysler and to manufacture a small car in one of Chrysler's U.S. facilities. Additionally, Fiat will make available to Chrysler its engine technology, provide managerial, sales and marketing services, and take a leading role in marketing and distributing Chrysler vehicles outside North America. Fiat's investment in Chrysler's operations and new U.S. jobs is expected to exceed \$8 billion.

Recognizing the dire situation and realizing that failing to meet government requirements would surely mean the end of Chrysler, your UAW negotiators painstakingly put together modifications to the Agreement that both meet the government's requirements and result in the least amount of pain to our members. Your bargaining committee worked hard and pushed for all stakeholders to share fairly in the sacrifices necessary to save Chrysler.

While we realize the proposed sacrifices for UAW members are painful, we fought to maintain our wages, our health care and our jobs. In the face of adversity we secured new product guarantees, and we negotiated new opportunities for UAW involvement in future business decisions. These modifications to our contract and the VEBA trust are essential to securing federal loans to keep Chrysler in business so that we can keep manufacturing jobs here in the United States and, more importantly, live to fight another day.

This document summarizes proposed modifications to the 2007 UAW-Chrysler National Agreement and an addendum to the agreement establishing the VEBA trust for retiree health care that meet the terms of the Loan Agreement imposed by our government. Considering the alternatives, we urge a yes vote for ratification.

In solidarity,

Ron Gettelfinger
President

General Holiefield, *Vice President*
and *Director, UAW Chrysler Department*

and the UAW Chrysler National Negotiating Committee