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Title: **New United Motor Manufacturing, Inc. and International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) Local 2244 (2001)**

K#: **4197**

Employer Name: **New United Motor Manufacturing, Inc.**

Location: **CA Fremont**

Union: **International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)**

Local: **2244**

SIC: **3711**

NAICS: **336111**

Sector: **P**

Number of Workers: **4000**

Effective Date: **08/04/01**

Expiration Date: **08/06/05**

Number of Pages: **215**

Other Years Available: **N**

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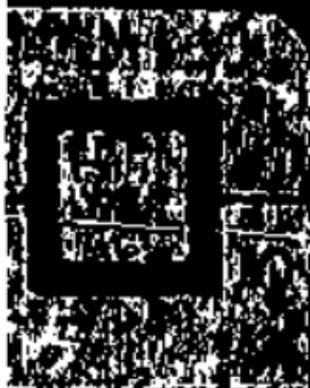
AGREEMENT

Between

NEW UNITED MOTOR
MANUFACTURING, INC.

and the

UAW



August 4, 2001



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COLLECTIVE BARGAINING AGREEMENT

between

New United Motor Manufacturing, Inc.

and

21788.

International Union, United automobile,
Aerospace and Agricultural Implement
Workers of America, UAW

and its

Affiliated Local Union, 2244

August 4, 2001 -
August 6, 2005

5/22/03

I. INTRODUCTION

1.1 This Agreement is made and entered into this 4th day of August, 2001 by and between New United Motor Manufacturing, Inc., hereinafter referred to as the COMPANY, and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW and its affiliated Local Union 2244, hereinafter referred to as the UNION.

The Parties recognize that this is a historic endeavor and that progress for the Company and the members of the Union is to a large extent interdependent and therefore together we are committed to building and maintaining the most innovative and harmonious labor-management relationship in America.

1.2 In the administration of this Agreement, and in our day to day relationship, we will exhibit mutual trust, understanding and sincerity, and, to the fullest extent possible, will avoid confrontational tactics.

Should differences or misunderstandings occur they will be resolved through full and open communication. The manufacturing environment will be based on team work, mutual trust and respect that gives recognition to the axiom that people are the most important resource of the Company. We are cognizant that if this endeavor is to be a success, labor and management must work together as members of the same team.

II. COMMITMENTS AND RESPONSIBILITIES

1.1 The Company's primary objective is to grow and prosper. Since the catalyst for its progress is its employees, it recognizes its obligation to keep them employed and improve their wages and working conditions. It accepts Union organizing and collective bargaining as an essential and constructive force in our democratic society.

1.2 The Union's primary objective is to improve the quality of life for its members and their families by assuring that they will be treated with dignity and provided with economic security. In addition, it is essential to the Union's purpose to assure that workers are afforded the opportunity to master their work environment; to achieve not only improvement in their economic status but, of equal importance, to gain from their labors a greater measure of dignity, self-fulfillment and self-worth. It recognizes, however, the necessity of increasing productivity as a factor in its role in contributing to the development of the Company which is the source of its members' employment and income.

1.3 To achieve the common goal of maintaining and improving the quality of life for employees and their families through Company growth the Parties are committed to:

- Maintain a prosperous business operation necessary to maintain fair wages and benefits that will assure a satisfactory standard of living and to provide secure jobs with the opportunity for advancement;
- Provide workers a voice in their own destiny in decisions that affect their lives before such decisions are made;
- Provide that the plant is operated under methods which will promote, to the fullest extent possible, economy of operation, quality and quantity of output, cleanliness of the plant, and protection of property;
- Work together as a team;
- Build the highest quality automobile in the world at the lowest possible cost to the consumer;
- Promote full communication over the established policies and procedures;
- Cooperate with established standards of conduct and promote fair and equitable treatment;

- Maintain a safe work place utilizing new and innovative programs that could be a model for use throughout the entire industry;
- Resolve employee concerns through procedures using problem solving and non-adversarial techniques that are based on consensus instead of confrontation;
- Recognize the full worth and dignity of all employees, both bargaining unit and non-bargaining unit, and to treat each other with respect;
- Constantly seek improvement in quality, efficiency and work environment through KAIZEN, QC circles, and suggestion programs; and
- Recognize and respect each other's rights and perform all responsibilities sincerely.

1.4 Management Responsibilities

In carrying out the above commitments, the Company has the exclusive responsibility, except as specifically relinquished in this Agreement, to plan, direct, and control Company operations, including items such as products to be manufactured; method of manufacturing, including tools and equipment, schedules or production, and processes of manufacturing or assembling; establishment of standardized work; purchase or making of products or services to be incorporated into the products manufactured or processes; establish standards of conduct, including discipline or discharge for good and just cause; hiring, laying off, assigning, transferring, promoting, training and communication with all employees. In performing these responsibilities, the Company will inform the Union about the following matters:

- The inauguration or retirement of top management;
- Annual Company objectives;
- Major organizational changes;
- Semi-annual business plans;
- Company's long-range plans and policies;

- Establishment of quarterly production schedules;
- Contemplated insourcing or outsourcing decisions;
- Technological changes that will impact the bargaining unit; and
- Other major events.

Additionally, the Company will meet and confer and make its best efforts to reach a consensus with the Union prior to initiating or changing Company policies relating to terms and conditions of employment. The Company shall make no change in Company policies contrary to the terms of this Agreement except as by mutual agreement of the Parties.

1.5 Union Responsibilities

The Union has the exclusive responsibility of representing its membership regarding all terms and conditions of employment and to ensure that they are treated consistent with the terms of this Agreement and that they receive fair and equitable wages and benefits.

The Union accepts the responsibility to promote the common objectives and to cooperate with the Company in administering, on a fair and equitable basis, standards of conduct; attendance plans and problem resolution; to promote constant improvements in quality and productivity; and to cooperate with the Company in dealing with governmental entities.

1.6 Employee Responsibilities

The Company and the Union recognize and accept their responsibility to strive to create and maintain a positive work environment. To accomplish the same for the present and the future, all employees shall have the following responsibilities:

- Support the performance of the total team and actively support other members of the team;

- Meet reasonable team goals and participate in setting of team goals;
- Work within reasonable Company guidelines and philosophy;
- Respect the individual rights of others;
- Support and abide by reasonable standards of conduct and attendance policies;
- Promote good housekeeping and maintain a safe work environment;
- Promote KAIZEN by continually looking for opportunities to make the Company more efficient;
- Achieve quality goals and improve quality standards;
- Support the team concept; and
- Assist the Company in meeting production goals and schedules.

III. JOB SECURITY

New United Motor Manufacturing, Inc. recognizes that job security is essential to an employee's well being and acknowledges that it has a responsibility, with the cooperation of the Union, to provide stable employment to its workers. The Union's commitments in Article II of this Agreement are a significant step towards the realization of stable employment. Hence, the Company agrees that it will not lay off employees unless compelled to do so by severe economic conditions that threaten the long term financial viability of the Company.

The Company will take affirmative measures before laying off any employees, including such measures as, the reduction of salaries of its officers and management, assigning previously subcontracted work to bargaining unit employees capable of performing this work, seeking voluntary layoffs, and other cost saving measures.

In summary, the Parties to this Agreement recognize that job security for bargaining unit employees will help to ensure the Company's growth and that the Company's growth will ensure job security.

IV. EQUAL OPPORTUNITY

1. The Company and the Union will abide by all applicable Equal Employment Opportunity laws. Both parties agree that the provisions of this Agreement shall apply to all employees covered by this Agreement without discrimination, and in carrying out their respective obligations under this Agreement neither will unlawfully discriminate against any employee on account of race, color, national origin, age, sex, sexual orientation, marital status, religion or against any disabled employee as per applicable law.

2. Any employee determined to be disabled under the ADA and requiring reassignment as reasonable accommodation will be assigned consistent with the bargaining agreement to any vacant position in any department, including positions outside the home department, for which the employee is otherwise qualified.

ADA qualified team member's will be assigned to an open permanent position within a group where they can perform a full team rotation within their medical restrictions and where the employee has either seniority at least equal to the lowest seniority employee in the group, or where the employee would be the highest seniority employee on the transfer list.

V. RECOGNITION

1. The Company hereby recognizes the Union, as the sole and exclusive representative of all employees described in Section 2 below, for the purpose of collective bargaining in respect to rates of pay, wages,

hours of employment, or other terms and conditions of employment.

Bargaining Unit.

2. The term employee shall include all production and maintenance employees employed by the Company at its Fremont facility located at 45500 Fremont Blvd., Fremont, California 94538; excluding guards and supervisors as defined in the Act and all other employees of the Company.

VI. UNION SECURITY

- 1.1 Any employee who is a member of the Union in good standing on the effective date of this Agreement shall, as a condition of employment, maintain membership in the Union to the extent of paying periodic membership dues and initiation fees uniformly levied against all Union members. Such employee's membership dues and initiation fees may be deducted from the employee's earnings by signing the form for "Authorization for Checkoff of Dues", or if no such authorization is in effect, the employee must pay membership dues and initiation fees directly to the Union.

- 1.2 Any employee who is not a member of the Union in good standing on the effective date of this Agreement, shall, on the 31st day after such date or on the 31st day following employment, or on the 31st day following transfer into the bargaining unit, whichever is later, as a condition of employment, become a member and maintain membership in the Union to the extent of paying periodic membership dues and initiation fees uniformly levied against all Union members. Such employee may have membership dues and initiation fees deducted from the employee's earnings by signing the form for "Authorization for Checkoff of Dues" (attached as Exhibit 1), or if no such authorization is in effect, the employee must pay

membership dues and initiation fees directly to the Union.

- 1.3 The Union will furnish the Company, within fifteen (15) days from the effective date of this Agreement, the names of all members paying dues directly to the Union.
- 1.4 Initiation fees for membership in the Union shall be an amount not to exceed the maximum prescribed by the Constitution and Bylaws of the Union, and which is uniformly required of each applicant for membership in the Local Union.
- 1.5 The Union shall accept into membership each employee covered by this Agreement who pays to the Union the dues and initiation fees uniformly required as a condition of acquiring or retaining membership in the Union.
- 1.6 The Union shall indemnify and hold the Company harmless against all claims or liabilities that may arise out of actions by the Company in complying with this Article.

VII. DUES CHECKOFF

- 1.1 During the life of this Agreement, the Company agrees to deduct Union membership dues levied by the International Union or Local Union in accordance with the Constitution and Bylaws of the Union, from the pay of each employee who executes or has executed the "Authorization for Checkoff of Dues" form marked Exhibit "1" and attached hereto.
- 1.2 A properly executed copy of such "Authorization for Checkoff of Dues" form for each employee for whom Union membership dues are to be deducted hereunder shall be delivered to the Company before

any payroll deductions are made. Deductions shall be made thereafter only under "Authorization for Checkoff of Dues" forms which have been properly executed and are in effect. Any "Authorization for Checkoff of Dues" which is incomplete or in error will be returned to the Union by the Company.

- 1.3 Checkoff deductions, under all properly executed "Authorization for Checkoff of Dues" forms which have been delivered to the Company on or before the effective date of this Agreement, shall continue for the duration of this Agreement.
- 1.4 Thereafter the Union shall deliver to the Company any executed "Authorization for Checkoff of Dues" forms under which Union membership dues are to be deducted beginning with the following calendar month. In the event that membership dues other than those for the calendar month in which the deduction is made and initiation fees have become due and owing by an employee subsequent to the form, but prior to the first deduction by the Company thereunder, such membership dues and initiation fees will be deducted by the Company at the time it makes the first deduction for membership dues. The Union will notify the Company, in writing, when it makes delivery of "Authorization for Checkoff of Dues" forms of the amounts owing by employees who executed these forms.
- 1.5 In the case of employees rehired, or returning to work after layoff or leave of absence, or being transferred back into the bargaining unit, who have previously properly executed "Authorization for Checkoff of Dues" forms, deductions will be made for membership dues as provided herein.
- 1.6 In cases where a deduction is made which duplicates a payment already made to the Union by an

employee, or where a deduction is not in conformity with the provisions of the Union Constitution and Bylaws, refunds to the employee will be made by the Union.

- 1.7 Dues deductions shall be remitted to the designated financial officer of the Local Union once each month within one (1) calendar week after such deductions are made. Any deductions made from subsequent payrolls in that month shall be included with the remittance for the following month. The Company shall furnish the designated financial officer of the Union, monthly, with a list of those for whom deductions have been made and the amounts of such deductions.
- 1.8 Any employee whose employment is terminated during his or her evaluation period, or any employee who is transferred to a classification not in the bargaining unit, or any employee whose seniority is broken by death, quit, discharge, layoff or sick leave of absence shall cease to be subject to checkoff deductions beginning in the month immediately following the month in which such termination or transfer occurred or seniority was thus broken. The Company will notify the Union following the end of each month of the names of such employees and will designate the reason each such employee ceased to be subjected to the checkoff.
- 1.9 Any dispute which may arise as to whether or not an employee properly executed or properly revoked an "Authorization for Checkoff of Dues" form, shall be reviewed with the employee by a representative of the Union and a representative of the Company.
- 1.10 The Company shall not be liable to the International Union or the Local by reason of the requirements of this Article of the Agreement for the remittance or payment of any sum other than that

constituting actual deductions made from employees' wages earned.

- 1.11 The deduction for monthly dues will be made from the second pay day for the calendar month.
- 1.12 If the deduction is not made at the time described above, the deduction shall be made from the next pay.
- 1.13 If an employee receives a back pay settlement or award for any calendar month when no dues have been deducted, a deduction for each month shall be made from the settlement or award.
- 1.14 The Union shall indemnify and hold the Company harmless against all claims or liabilities that may arise out of actions taken by the Company in complying with any of the provisions of this section.

VIII. REPRESENTATION

For the purposes of representing the employees relative to the terms and conditions of this Collective Bargaining Agreement and to carry out the mutual commitments and responsibilities set forth in Article II, the Union shall have the following representation structure:

1. **Local Union President**
 - 1.1 The Local Union President who is elected from the employees of the Company, will be responsible for representing the Union in a variety of functions in, as well as out of, the plant. The President shall perform functions as defined in the Problem Resolution Procedure, Article X, and such other Articles as may be applicable.
 - 1.2 The President shall have such other duties and responsibilities as shall be determined by the Parties, such as coordination and assistance in the areas of

safety, training, education, orientation and Joint Company/Union Programs.

2. Chairperson Of The Bargaining Committee

2.1 The Chairperson of the Bargaining Committee, who is elected from among the employees of the Company, shall represent the entire bargaining unit. The Chairperson shall be responsible at the Local Union level for the overall administration of the Collective Bargaining Agreement. The Chairperson shall perform functions as defined in the Problem Resolution Procedure, Article X, and such other Articles as may be applicable. The Chairperson shall make assignments to members of the Bargaining Committee consistent with the terms of this Agreement.

2.2 One of the key mutual goals of the Parties is to resolve problems at the earliest possible stage. The Chairperson of the Bargaining Committee will meet with the Manager of Team Member Relations on a day to day basis to discuss how best to carry out that goal, and how best to meet the mutual commitments of the Parties as set forth in Article II.

3. Acting Chairperson Of The Bargaining Committee

The Chairperson of the Bargaining Committee shall designate any member of the Committee as Acting Chairperson, who will perform the duties of the Chairperson in the Chairperson's absence.

4. The Bargaining Committee

The Bargaining Committee shall consist of the Chairperson, four (4) Bargaining Committeepersons, and the President of the Local Union. The Bargaining Committee shall have the responsibility, in conjunction with the International Union, of negotiating a new Collective Bargaining Agreement to replace the present agreement or make modifications thereto. The four (4) Bargaining Committeepersons

will also function as District Committeepersons as defined in Section 5, below. Provide for one (1) more Bargaining Committeeperson to function on 2nd shift (from the existing Committeepersons on 2nd shift)

5. District Committeepersons

5.1 For the purpose of representation, the Chairperson of the Bargaining Committee and the Manager of Team Member Relations, shall by mutual agreement, establish Districts in the plant. There shall be five (5) Districts on the Day Shift and five (5) Districts on the Night Shift (2nd Shift). There shall be five (5) District Committeepersons assigned to the Day Shift. There shall be at least three (3), but no more than five (5), District Committeepersons assigned to the Night Shift as shall be determined by mutual agreement of the Parties. In addition to the above, there shall be two (2) Districts established for truck operations, one (1) for the Day Shift and one (1) for the Night Shift. One (1) District Committeeperson on each shift shall be assigned specifically to truck operations.

5.2 Where there is an overlap period between shifts where employees are working outside of the normal two (2) shifts, the Chairperson of the Bargaining Committee shall assign the responsibility of representing those employees to one or more of the above District Committeepersons.

6. Duties Of District Committeepersons

Each District Committeeperson shall have responsibilities relating to proper administration of this Agreement with the Company. These duties include:

- Meeting with Company representative to resolve complaints under the Problem Resolution Procedure;

- Participating with the Company in Standards of Conduct and Attendance Counseling Committees;
- Joint investigations with the Company in potential suspension/discharge cases;
- Represent an employee(s) (if requested by the employee(s)) in disciplinary action that may result in suspension or discharge; and
- Implementing this Agreement and cooperating with the Company in implementing Labor Relations Policies such as attendance control, vacation scheduling, safety records, call-in duties, lost time accident reports, and leaves of absence.

7. Alternate District Committeeperson

There shall be one (1) Alternate District Committeeperson for each regular District Committeeperson who shall be designated by the Union. In cases where a District Committeeperson is absent, the Alternate District Committeeperson may function in the Committeeperson's place during such absence. However, the Alternate shall not function or be paid for performing representational duties when the Committee person is absent and being paid by the Company for the Committeeperson's representational duties.

8. General Representatives

Eight (8) representatives, appointed by the International Union, will be assigned to positions in the Safety, Ergonomics, Employee Benefits, Employee Assistance, Return to Work and Apprenticeship/Skilled/Cross Training and Community Involvement areas of the Human Resources Department. The General Representatives will have regular full time duties determined by the Company and the Union.

9. **Rate Of Pay**

The Local Union President, the Chairperson of the Bargaining Committee, the District Committeepersons and the General Representatives shall be paid according to the mutual agreement of the Parties for time spent in representational duties at the plant. In addition, the President of the Local Union shall be paid up to sixteen (16) hours per week and the Chairperson shall be paid for up to sixteen (16) hours per week according to the mutual agreement of the Parties for time spent on representational duties off the plant premises. Before leaving the plant premises, arrangements must be made with the Manager of Team Member Relations. Normally Committeepersons will not perform representational duties off premises but they may, when given permission by the Manager of Team Member Relations. Requests for permission to perform off premises representational duties must come from the Chairperson of the Bargaining Committee.

10. **Union Coordinator**

10.1 There shall be one (1) Union Coordinator designated by the Union for every two (2) Groups in the Plant. The Groups will be combined by the Manager of Team Member Relations and the Chairperson of the Bargaining Committee. The Union Coordinator shall be selected from among the employees in the Group that the employee represents. The Union Coordinator will perform a full-time job in the Plant.

10.2 The function of the Union Coordinator, in part, is to provide representation and assistance in the solution of problems and potential problems within the Groups where the Coordinator works. It is the intent of the Parties, in the spirit of true teamwork, that all best efforts be made by the affected employee(s), Union Coordinator and Group Leader to quickly resolve problems arising within the Group, in an informal atmosphere and on a non-precedent setting basis.

The Union Coordinator will perform functions as defined in the Problem Resolution Procedure, Article X, and other activities as agreed to by the Parties, including but not limited to, Group Meetings.

- 10.3 Meetings with the Union Coordinator or problem handling shall be arranged during the periods in which there is clearly no interference with the job duties of both the Coordinator and Employee, such as lunch or break time. Union Coordinators will be paid two (2) hours pay per week at their straight-time hourly rate for performing their representational duties. This two (2) hours pay shall not be included for purposes of computing overtime.

11. General Provisions

- 11.1 Upon entering a section to perform representational responsibilities and in order to facilitate communication and create a positive atmosphere, all Union representatives shall notify the Manager or Group Leader (or Team Leader in the absence of the Group Leader) of that area of their presence and purpose.
- 11.2 The names of all Union Officers, Committeepersons and Union Coordinators shall be given to the Human Resources Department in writing by the President of the Local Union, the Chairperson of the Bargaining Committee, or an International Representative. No person shall be allowed to function in these positions until forty-eight (48) hours after such notice.
- 11.3 Upon the request of the President or Chairperson of the Bargaining Committee of the Local Union, or an International Representative, the Company shall excuse an employee without pay for all or part of a shift, unless such excuse would substantially interfere with production, for the purpose of conducting Union business of such nature as attendance at the UAW Convention, attendance at

Board Meetings of the Local Union, and summer programs conducted by the UAW, etc. The Manager of Team Member Relations shall receive a written absence notification from the Local Union President, Chairperson of the Bargaining Committee or an International Representative as far in advance as possible, but in no event less than forty-eight (48) hours before the absence.

IX. JOINT CONFERENCE

1. Purpose

The Company and the Union will have periodic Joint Conferences to allow both parties full understanding of situations within and surrounding the Company and the Union. The purpose of these Joint Conferences is to facilitate joint efforts in establishing a work environment and relationship characterized by mutual respect and trust.

2. Level/Composition

- 2.1 Joint Conferences shall be held at the Company Level (Executive Joint Conference), and sectional level within the bargaining unit (Section Joint Conference).
- 2.2 Executive Joint Conferences shall be composed of the President, Executive Vice President, Vice Presidents, and other designated management personnel relating to the issues to be discussed, and the International Representative, President of the Local Union, Bargaining Committee Chairperson, and Committeepersons.
- 2.3 Section Joint Conferences shall be composed of Section Manager, Assistant Manager, if any, and designated personnel related to the issues, the Committeepersons and Union Coordinators within the Sections.

3. **Agenda**

An agenda shall be determined by mutual agreement and shall not include problems defined in Article X or negotiation matters. Each party shall furnish the other with an agenda which they wish to discuss as far in advance of the meeting as possible.

4. **Meeting Hours**

Executive Joint Conferences shall be held at a mutually agreeable time. Section Joint Conferences shall be held at a mutually agreeable time after working hours.

X. PROBLEM RESOLUTION PROCEDURE

1. **Scope Of Problem**

1.1 In the event any employee has a "problem" concerning the interpretation or application of any terms of this Agreement, or any other work-related problem, such matters shall be adjusted according to procedures in this Article except where the Agreement specifically states that a certain matter shall not be subject to this Problem Resolution Procedure or where a certain matter is subject to other resolution procedures.

1.2 The Union agrees that this procedure shall be the exclusive procedure for any problem resolution and it further agrees to discourage any employee to appeal to any court or other government agency any resolution rendered through this procedure.

2. **FIRST STEP: Informal Discussion -- Team Effort For Resolving Problem**

2.1 The Company and the Union shall encourage all employees to attempt to resolve problems within the Group using problem-solving methods. Any employee with a problem shall first discuss the problem with the employee's immediate Team Leader

and Group Leader. If the problem is not settled to the satisfaction of the employee, the employee may discuss the problem with the Union Coordinator during the period in which there is clearly no interference with their job duties such as lunch, break period, etc.

- 2.2 Because of the value and importance of full discussion in clearing up misunderstandings and preserving harmonious relations, every reasonable effort shall be made to resolve problems promptly at this point through discussion. The resolution of an employee problem at this stage shall not set a precedent or a binding past practice on either party.
- 2.3 The Group Leader shall answer the problem within three (3) working days from the date on which the problem is made known to the Group Leader. The Group Leader's answer shall state the basis for the Group Leader's position. If the problem is not resolved through discussion with the employee(s)' immediate Group Leader, and/or the Union Coordinator, the Union Coordinator or—the employee(s) may request the Group Leader to call the District Committeeperson. The Team Member Relations Representative shall be notified by the District Committeeperson within five (5) working days after the Group Leader answers the problem.
- 2.4 **Investigation of Problem:** The Committeeperson and Team Member Relations Representative shall jointly complete the investigation of the circumstances of the problem within three (3) working days from the notification to the Team Member Relations Representative. Thereafter, they shall discuss the problem with the Section Manager and others concerned in order to resolve it.

3. SECOND STEP

- 3.1 If the matter remains unresolved, within three (3) working days after completion of the investigation, the Committeeperson may present the problem to the Manager of Team Member Relations on a Problem Notice Form supplied by the Company and agreed to by the Union.
- 3.2 The Problem Notice Form shall state the nature of the problem and the pertinent facts, the date on which the act or conduct forming the basis for the problem occurred, the contract provision or provisions alleged to have been violated, the nature of the problem and the remedy requested, and be signed by the grieving employee and/or the Union. All employees involved in a group problem shall be identified on the form. The form shall also be signed and dated by the Committeeperson.
- 3.3 The Chairperson of the Bargaining Committee and Manager of Team Member Relations, or their authorized designees, shall meet on Tuesdays at 10:00 a.m.(or such other time as the parties may mutually agree upon) to review all Problem Notices filed in the previous week. They shall review the investigation made at the First Step and shall seek to resolve the problem. If they are not able to resolve the problem at the Second Step meeting, the Manager of Team Member Relations shall give the Chairperson of the Bargaining Committee a written Second Step answer to the problem within three (3) working days after the Second Step meeting, stating the reasons for his position. If the Problem Notices from the previous week are not heard at the Tuesday Second Step meeting they may be dispositioned by the Company.

4. THIRD STEP: Appeal To Joint Union/Management Committee

- 4.1 If the second step written answer does not resolve the problem, the Chairperson of the Bargaining Committee may give the Team Member Relations Manager a written "Notice of Unresolved Problem", on forms supplied by the Company and agreed to by the Union. The written Notice of Unresolved Problem shall be presented within three(3) working days from the time of the written answer in the Second Step.
- 4.2 Within five (5) working days, the Company and the Union shall prepare and exchange three (3) copies of a written "Statement of Unresolved Problem" setting forth their positions, the facts of the case and provisions of this Agreement in support of their positions. Following the exchange of statement, the Joint Union/Management Committee shall be convened to review the Problem and to discuss it fully to resolution. The Joint Union/Management Committee shall consist of three (3) Company representatives—Vice President, Human Resources, Manager of Team Member Relations, and a General Manager related to the problem or their designee(s), and three (3) Union representatives—International Representative, President and Bargaining Committee Chairperson of the Local Union or their designee(s).
- 4.3 If the case is not resolved by the Joint Union/Management Committee, the Company shall give its decision in writing to the Union's Joint Union/Management Committee Member within five (5) working days after the Joint Union/Management Committee meeting.

FOURTH STEP: Arbitration

5. FOURTH STEP: Arbitration

5.1 If the Union is not satisfied with the Company's Third Step written decision, the International Representative, within fifteen (15) calendar days from receipt of the Company's written decision in the Third Step, shall submit a completed "Notice of Appeal to Arbitration" form to the Team Member Relations Manager, on a form supplied by the Company and agreed to by the Union.

5.2 This notice shall specify the issues involved in the problem, all new facts ascertained by the Union, and remedy requested. Problem(s) appealed in this manner shall be discussed by the Union's Regional Director or a designated staff member and Vice President, Human Resources or designee prior to presentation before the Arbitrator.

5.3 Problem(s) not adjusted at this time may be referred to the Arbitrator in writing by either party to this discussion.

6. Arbitrator

6.1 Within fifteen (15) calendar days of the meeting described in the preceding paragraph, the parties shall jointly request the American Arbitration Association to furnish both parties with an appropriate panel of seven (7) Arbitrators.

6.2 The parties shall then select an Arbitrator from this panel by mutual agreement or by alternately striking a name therefrom until one (1) name is left. The selection shall be made within five (5) working days after receipt of the panel list. The parties may jointly select an available arbitrator when necessary in order to expedite the arbitration process. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association.

- 6.3 All costs of arbitration, including the arbitrator's fees and expenses, shall be shared equally by the Company and the Union. Each party shall bear the expense of its own presentation, including attorney's fees, outside consultants and the like.

7. Power Of Arbitrator

- 7.1 The Arbitrator shall be empowered to hear, investigate and decide any differences between parties concerning the interpretation or application of the provisions of this Agreement. The Arbitrator shall have no power or authority to rule on or to decide any matter which is not covered by express provisions of this Agreement or which is left to the responsibility or discretion of the Company. The Arbitrator shall have no power to: (1) add to, subtract from, or otherwise modify any of the provisions of the Collective Bargaining Agreement; (2) establish or modify any wage; (3) rule on problems concerning standardized work; (4) rule on problems concerning the Company's Benefit Plans, such as the Group Insurance Program, Health Care Insurance Program, Retirement Plan, Savings Plan, or Reserve Fund Plan; (5) rule on problems concerning health and safety; (6) rule on those issues or disputes in which the parties waived their rights under Article XXX; or (7) rule on any matter specifically excluded from the Problem Resolution Procedure by any part of this Agreement.

- 7.2 During the hearing, the Arbitrator may conduct such investigations as appropriate and reasonable.

8. Arbitrator's Decision

All decisions within the defined authority of the Arbitrator shall be final and binding on all parties.

9. Time Limits

- 9.1 A written problem shall be filed within fifteen(15) working days after occurrence of the event giving rise

to the problem unless the circumstances of the case make it impossible for the employee or the Union to know that there were grounds for the claim prior to that date. If a written problem is not filed within the time limit, the problem is not valid under this Problem Resolution Procedure.

- 9.2 Any problem not appealed within the time limits shall be considered settled on the basis of the last decision and not subject to further appeal or to arbitration. However, an employee who does not appeal a problem from one step to another shall be given one (1) automatic two (2) day extension of time to properly perfect his appeal. An employee or Union who uses this extension shall have no further extension at any step of the Problem Resolution Procedure. If the Company does not answer a problem within the time period specified, the problem shall be deemed denied and may be taken to the next step of the Problem Resolution Procedure.
- 9.3 The time limits provided for in this Article may be extended by written agreement of the parties. The party requesting the extension shall initiate the request in writing.
- 9.4 Prior to the hearing by the Arbitrator, the parties may agree to refer a problem back to the preceding step of the Problem Resolution Procedure for the purpose of further discussion or investigation including new evidence not set forth in the prior written record.
- 9.5 At any step prior to the hearing by the Arbitrator, the Union Representative(s) and Company Representative(s) designated for that step shall have the authority to resolve a problem, provided that the problem settlement does not supersede or conflict with any provisions of this Agreement.

9.6 During or after the hearing by the Arbitrator, a problem may be withdrawn by agreement of the parties.

10. **Effect Of Resolution**

10.1 Any claim against the Company shall not be valid for the period prior to the date the written problem was first filed, except that:

- (a) For a back wage claim based on a non-continuing violation, the claim should be valid for a period of not more than fifteen (15) days prior to the date the written problem was first filed; or
- (b) For a back wage claim based on a continuing violation, the claim shall be limited retroactively to a thirty (30) day period prior to the date the claim was first filed in writing, if the circumstances of the case made it impossible for the employee or the Union to know that there were grounds for the claim prior to that date.

10.2 **Amount of Back Wage:** The claim for back wages shall not exceed the amount of wages the employee would otherwise have earned at the employee's regular rate, including overtime, less:

- (a) any unemployment or workers' compensation the employee received, or was entitled to; or,
- (b) any compensation for personal services received or earned during the period covered by the problem that the employee would not have earned if the employee had been working.

11. **Discipline And Discharge**

11.1 If an employee is called to the Team Member Relations Section or to a meeting with a supervisor concerning discipline, the employee may request the presence of the District Committeeperson for representation during the interview.

11.2 In the case of a potential suspension or discharge of a team member, the Manager of Team Member Relations (or designee) will notify the Union Chairperson (or designee) of the potential suspension or discharge. The parties will meet within five (5) working days after the notification to the Union Chairperson. This time period may be extended by mutual consent.

The meeting will include the Union Chairperson, the District Committeeperson involved in the case, the Manager of Team Member Relations, and the Team Member Relations Representative involved in the case. Designees may fill in for the members listed above and additional members may be included as needed.

The purpose of the meeting is to review any unusual or mitigating circumstances relevant to the potential suspension or discharge of the team member. The meeting will take place prior to a final decision on the suspension or discharge.

After a review of the facts, the parties will attempt to reach consensus on the disposition of the case. If consensus can not be reached, the Company will take such action as it deems appropriate and the Union will be free to continue the case forward in the Problem Resolution Procedure, if the Union so chooses.

11.3 Immediately after any corrective suspension or issuance of second and any subsequent written corrective notice for violation of the Standards of Conduct or Good Attendance program, the Good Conduct and Attendance Counseling Committee shall confer with the employee. The Committee will discuss all relevant facts and circumstances to assist the employee in improving the employee's

conduct or attendance. In addition, the committee shall impress upon the employee the importance of Good Conduct and Attendance.

11.4 The Good Conduct and Attendance Counseling Committee shall consist of a Group Leader, Team Member Relations Representative and Committeeperson.

11.5 A written corrective notice is not subject to Problem Resolution Procedure in this Article; provided, however, that if a problem involving a suspension or discharge is appealed to arbitration, all written corrective notices preceding the suspension or discharge also may be contested during the arbitration.

11.6 Any problem regarding suspension and discharges shall be filed to the Third Step provided in Section 4 of the Problem Resolution Procedure, within three (3) working days from the disciplinary action taken. If a problem regarding discharge is not resolved in the Problem Resolution Procedure, it shall be expedited to the Arbitration Step taking precedent over all other problems and the Arbitration shall be held within two (2) weeks where possible.

11.7 The employee and the Union will be provided a copy of any written corrective notice, suspension or discharge entered in the employee's personnel file.

XI. SENIORITY

1. Definition

Seniority means an employee's unbroken service with the Company in years, months and days since the employee's most recent date of hire. Seniority shall be established on a Company-wide basis and separately within Division I and Division II.

2. **Evaluation Period**

2.1 An employee may acquire seniority after successfully completing an initial evaluation period of ninety (90) calendar days starting with the most recent date of hire. The employee will receive credit for seven (7) calendar days for each pay period the employee works except hiring week. After completion of the initial evaluation period, seniority shall date back to ninety (90) days from the date seniority is acquired.

2.2 The initial evaluation period will be used to measure performance based on ability to perform required tasks, quality and quantity of work, attendance, punctuality, and ability to work as a team member. The retention of an employee during the evaluation period shall be at the Company's discretion, and termination of such employee shall not be subject to the Problem Resolution Procedure. In the event of a potential termination of employment during the evaluation period, a member of the Team Member Relations Section and a Committeeperson will review any unusual or mitigating conditions and circumstances relevant to the potential termination of the employee.

2.3 If two employees have the same amount of seniority, the employee with the lowest last four numbers on his or her social security number will have the greatest seniority, **and if that still does not break the tie, the lowest last (5) numbers on his or her social security number will have the greatest seniority.**

3. **Loss Of Seniority**

Seniority will be broken and lost, and employment shall cease for the following reasons:

- a. Discharge for just cause;
- b. Quit or Retirement;

- c. Failure to report to work for **four (4)** consecutive working days without prior notice, unless unusual conditions or circumstances exist;
- d. Failure to report to work within **six (6)** consecutive working days **(excluding Saturday and Sunday)** without a Company approved leave of absence unless unusual conditions or circumstances exist;
- e. Failure to return to work within **four (4)** **consecutive working days (excluding Saturday and Sunday)** after the expiration of a leave of absence unless unusual conditions or circumstances exist;
- f. Accepting employment while on leave of absence, unless prior written approval has been granted by the Company, or specifically permitted by other language in this agreement; or
- g. Being on a sick leave beyond the leave period set forth in Paragraphs 9.3 and 9.4, Article XXIII, of this Agreement.

4. **Transfer**

4.1 When an employee is transferred permanently from Division I to Division II, the employee shall establish seniority in Division II as of the date of transfer (entry date). When an employee is transferred temporarily from one Division to another, the employee shall retain accumulated seniority as of the date of the transfer in the Division from which the employee was transferred and continue to accrue seniority.

4.2 Employees who have left the bargaining unit for a salaried position and who later return to the bargaining unit shall have seniority credited as follows:

Employees who left the bargaining unit prior to 8/4/01 shall be credited with bargaining unit seniority equal to their length of employment.

Employees who leave the bargaining unit after 8/4/01 shall have their bargaining unit seniority frozen and will not accumulate bargaining unit seniority while in a salaried position.

5. **Seniority List**

The Company will furnish the Union with a seniority list on a quarterly basis, or on request of the Chairperson of the Bargaining Committee.

XII. TRANSFERS

1. **Definitions**

Transfer means an employee moving from one Group or Section to another. A regular transfer is a transfer for more than three (3) months. A temporary transfer is for no more than three (3) months.

2. **Regular Transfer**

The Company may transfer employees. If efficiency and production needs permit, the Company will give priority to employees who have made application for a regular transfer as set forth below.

3. **Application For Transfer**

3.1 Except in the case of Quality Assurance Audit Team Members, an employee may file an application to be transferred to an open job in another Group, if the employee has worked in a Section or Group for at least twelve (12) months. Quality Assurance Audit Team Members must have worked for at least thirty six (36) months on the Audit Team in order to be eligible to transfer from that assignment. The application shall be filed with the Team Member Relations Section and shall include:

- a. employee's current job and all previous jobs held in the Company;
- b. employee's plant and division seniority dates;

- c. job for which a transfer is sought; and
- d. experience, qualifications, and knowledge the employee has for the job.

3.2 Each employee may have seven (7) applications on file at any one time. An employee who is transferred cancels automatically any other applications, and is not eligible to apply for another transfer until after twelve (12) months from the effective date of the transfer.

3.3 All open applications for transfer will be voided at the end of the calendar year. Applications filed during the months of November and December will be deemed valid for the following calendar year.

4. **Selection**

4.1 When an open job is to be filled, the Company will review those applications on file for the job. Production needs permitting, the Company will select for transfer the employee or employees it believes have the capability and knowledge to perform the job. For Division I, where two or more employees have relatively equal capability, and production needs permit the selection of any one of them, the employee with the greatest seniority will be transferred. For Division II, where two or more employees have relatively equal capability and knowledge, and production needs permit the selection of any one of them, the employee with the greatest seniority will be transferred. If no employee makes application for the job and the production needs permit, the Company will transfer volunteer(s) or the least seniority employee(s) among those who are qualified for the job in the Group from which transfers are required. Current employees who have made application for transfer will be given preference over new hires for permanent openings.

4.2 Within 24 hours, Team Members must notify Management of their intent to accept or decline a transfer in writing. This decision will be binding. Transfers will occur by the Monday following fifteen (15) working days after the Company is notified of the employee's acceptance of the Transfer.

4.3 For transfers between Groups, any opening created by a transfer may be filled at the discretion of the Company. This provision shall not apply to transfers between Sections.

4.4 If an employee files a transfer application based on health reasons, the Company will make a decision *whether or not to transfer after consultation with the Company Medical Office.*

5. Temporary Transfer

5.1 The Company may temporarily transfer employee(s) for a maximum period of three (3) months per transfer, without regard to the other provisions of this Article. Where practical, the Company will transfer a volunteer or applicant. If there is none, the employee having the least seniority among those who are capable of doing the required job in the team from which the transfer is required will be transferred.

5.2 An employee temporarily transferred from Division II to Division I shall be paid at his/her regular Division II rate. An employee who is temporarily transferred to Division II will receive the rate of pay for the job being performed for all hours worked.

6. Notification

6.1 Except in emergency cases, the Company shall give prior notice to the employee who is to be transferred.

6.2 For transfers from one shift to another, the Company will give one (1) week notice where possible.

6.3 Management will furnish the Chairperson of the Bargaining Committee a list of such permanent openings as far in advance as possible of such transfers.

7. Consideration On Return

If an employee is involuntarily reassigned from one section or group to another as a result of a change in takt time or other reduction in force, and if production needs and qualifications permit, that employee will be permitted to fill openings in the employee's original section or group before regular transfer applications are considered. The following provisions apply to consideration for return:

7.1 An employee must make application to return to the section or group. Applications may be submitted only during the first ten (10) working days after the employee's reassignment.

7.2 The application for return will be considered for openings occurring in the section or group during a twelve (12) month period following the submission of the application. After the twelve (12) month period, openings will be filled in accordance with normal transfer procedures.

7.3 Refusal of an opportunity to return to the section or group under these provisions automatically cancels the application.

7.4 If an employee returns to a section or group in accordance with these provisions, the employee must wait a minimum of twelve (12) months before making application for a regular transfer. In addition, any open transfer requests on file at the time of return will be voided.

7.5 If two persons qualify for a single opening in accordance with these provisions, preference will be given to the employee with greater seniority.

8. Reduction in Force

8.1 In the event a takt time change or other reduction in force results in the need to move employees from one Group to another, the Company will attempt to honor the requests of volunteers in selecting any employees to be moved. If there are no volunteers and when production needs permit, employees will be reduced out of the Group according to seniority and qualifications.

8.2 In the event a team leader position is eliminated from the Group, the team leader may elect to:

A) remain in the Group on another team as a team leader provided he/she has the seniority and qualifications;

B) be reassigned to an available team leader opening within the section or;

C) be demoted to team member and remain in the Group provided he/she has the seniority and qualifications.

8.3 If there are no available team leader openings in the team leader's section or the team leader does not have the seniority or qualifications to remain in their original group, then the team leader will be demoted to team member and reduced in accordance with section 8.1.

XIII. SHIFT ASSIGNMENT

1.1 The parties recognize that it is necessary, from time to time, to reassign employees to different shifts to maintain quality, efficiency of production among shifts, to train other employees, or to accommodate

employees' desires. It is also recognized that employees who desire to change shift should be given shift preference based on seniority and qualifications. During the initial evaluation period, the new employee will be assigned to an appropriate shift decided by the Company for training purposes up to the first ninety (90) days of employment.

1.2 Assignment from one shift to another shall be in the following manner:

a. Once every six (6) months an employee may make a written application to the Group Leader for reassignment to the corresponding Group on another shift.

b. An applicant who is eligible under the terms of the Agreement, shall be reassigned to the requested shift as soon as possible, but not later than the first Monday following ten (10) working days from the date the application is filed. This reassignment shall be made in accordance with seniority in the respective Division, subject to the applicant's qualification to perform the required work and the ability of the employees on the former shift to perform the remaining work. The employee who is displaced as a result of a greater seniority employee exercising shift preference rights under this Article will be reassigned to the corresponding Group on the other shift.

1.3 When the Company believes it is necessary to reassign an employee(s) from one shift to another to maintain quality, efficiency or for training, these reassignments shall be made first from qualified volunteers who can be released from their current shift assignment. If there are no such volunteers, reassignments shall be made from the least seniority employees who are qualified to perform the work.

Such reassignment shall not normally exceed three (3) months except where to do so would adversely effect the Company's operation.

- 1.4 When the Company implements a new shift(s), the Company may assign the lowest seniority qualified employee from the present shift to the new shift to maintain quality and efficiency of production. Employees who have made a written application for the new shift will be given preference. Employees who have been reassigned may make application to be reassigned to another shift after three (3) months, in accordance with this Article.
- 1.5 In the event of the addition of a Production shift, there will be no shift preference for ninety (90) days. In cases of model changeover which require more than one (1) week shutdown, there will be no shift preference for thirty (30) days.

XIV. TEAM CONCEPT

- 1.1 The parties agree that the Company will utilize a team concept, whereby employees will be organized into teams of approximately 5-10 members. All members of a team share responsibility for the work performed by the team, and for participation in Quality/Productivity improvement programs such as QC Circles and KAIZEN. Generally, and as practical, team members are expected to rotate jobs within the team.
- 1.2 Each team will have a Team Leader selected in accordance with Article XVI in this Agreement. Team Leaders shall be members of the bargaining unit.

XV. BARGAINING UNIT WORK

- 1.1 Salaried employees or other non-bargaining unit employees will not be used as substitutes for hourly employees nor will they deprive bargaining unit employees of available work.
- 1.2 The principal function of the Group Leader is to direct the activities of workers in a particular area. The Parties recognize, however, that it may be necessary for the Group Leader or other non-bargaining unit employees, including employees of Toyota Motor Corporation, to perform the work that is normally performed by bargaining unit employees for the following reasons:
 - Assisting in engineering or breakdowns;
 - Kaizen and training employees;
 - Performing work of an experimental nature; and
 - Unexpected circumstances requiring immediate attention to avoid interruption of work.

XVI. TEAM LEADER SELECTION AND ADMINISTRATION PROCEDURE

- 1.1 The Parties seek to attract, retain and motivate individuals who contribute to the mutual growth and success of the total team. An objective of the Parties is to identify the most capable individual for team leader positions within the Company. In so doing, the Company tries to provide growth opportunities for employees and to assist them in developing to their full potential.
- 1.2 The Company will establish selection criteria and promote employees from those qualified who are most capable for the team leader position. Candidates must have level 2 attendance or above (except in the case of level 1 attendance resulting from an authorized Leave of Absence) to be considered. Where two or

more candidates are considered most capable, the employee with the greater seniority will be selected. In identifying qualified candidates for promotion to team leader, the following guidelines will be utilized: experience, ability, capacity to perform the team leader job, etc.

- 1.3 New team leaders will be subject to a four (4) month evaluation period to assess their ability on the job. The evaluation period will start as soon as the Team Leader is promoted. Criteria used to measure team leader performance will include, without limitation, the demonstrated capability to perform all the jobs on the team. In addition, the new Team Leader will attend the post-promotion training class within the (4) month evaluation period. Team leaders who fail to perform satisfactorily during the evaluation period will be returned to their former groups as team members.
- 1.4 The joint Team Leader Selection committee shall review current team leader training and propose continuing education for team leaders once a year. A joint report for training shall be generated and given to the Bargaining unit Chairman and the General Manager of Human Resources for review and implementation.
- 1.5 Team Leaders who experience performance difficulties will be referred to the Review Committee. Any potential demotion of a team leader will be referred to the Review Committee process.

XVII. WAGE

I. Base Wage Rate

1.1 All employees covered by this Agreement shall be paid the following base wage rates:

(a) Division I:

(1) Effective 8/6/2001 the New Hire Rates with the inclusion of the GWI will be as follows:

Months of Service

0-6 months	<u>\$16.88</u>
7-12 months	<u>\$18.09</u>
13-18 months	<u>\$19.30</u>
19-24 months	<u>\$20.50</u>
25-30 months	<u>\$21.71</u>
31-36 months	<u>\$22.91</u>
After 36 months	<u>\$24.12</u>

Plus applicable
COLA

NOTE:

No current Team Member will receive a lower wage under this new Agreement than being received under the old Agreement.

(2) Effective August 5, 2002 the New Hire Rates with the inclusion of the GWI will be as follows:

Months of Service

0-6 months	<u>\$17.39</u>
7-12 months	<u>\$18.63</u>
13-18 months	<u>\$19.87</u>
19-24 months	<u>\$21.11</u>
25-30 months	<u>\$22.36</u>
31-36 months	<u>\$23.60</u>
After 36 months	<u>\$24.84</u>

Plus applicable COLA

(3) Effective August 4, 2003 the New Hire Rates with the inclusion of the GWI will be as follows:

Months of Service

0-6 months	<u>\$17.91</u>
7-12 months	<u>\$19.19</u>
13-18 months	<u>\$20.47</u>
19-24 months	<u>\$21.75</u>
25-30 months	<u>\$23.03</u>

31-36 months	<u>\$24.31</u>
After 36 months	<u>\$25.59</u>
Plus applicable COLA	

(4) Effective August 2, 2004 the New Hire Rates with the inclusion of the GWI will be as follows:

<u>Months of Service</u>	<u>Rate</u>
<u>0-6 months</u>	<u>\$18.45</u>
<u>7-12 months</u>	<u>\$19.77</u>
<u>13-18 months</u>	<u>\$21.09</u>
<u>19-24 months</u>	<u>\$22.41</u>
<u>25-30 months</u>	<u>\$23.73</u>
<u>31-36 months</u>	<u>\$25.04</u>
<u>After 36 months</u>	<u>\$26.36</u>

(b) Division II:

(1) Effective 8/6/01 through 8/4/02:

	<u>Rate</u>
First 90 days	<u>\$23.66</u>
After 90 days	<u>\$27.84</u>

Plus applicable COLA

(2) Effective 8/5/02

	<u>Rate</u>
First 90 days	<u>\$24.38</u>
After 90 days	<u>\$28.68</u>

Plus applicable COLA

(3) Effective 8/4/03

	<u>Rate</u>
First 90 days	<u>\$25.11</u>
After 90 days	<u>\$29.54</u>

Plus applicable COLA

(4) Effective 8/2/04:

	<u>Rate</u>
First 90 days	<u>\$25.87</u>
After 90 days	<u>\$30.43</u>

- 1.2 If an employee is absent for a full pay period(s) for any reason except vacation, jury duty, military leave, leave of absence due to industrial injury, leave of absence qualified under the Family and Medical Leave Act, or California Family Rights Act, California Pregnancy disability Act, or Union leave of Absence, the required period(s) to increase the wage rate shall extend for such pay period(s).
- 1.3 Employees permanently transferred from Division I to Division II shall receive the hiring rate effective as set forth in Section 5 of this Article.
- 1.4 Employees permanently transferred from Division II to Division I shall receive the relative wage rate based on the employee's prior period from hiring. The automatic rate increase shall start, if the employee is still crediting toward the maximum rate, as set forth in Section 5 of this Article.
2. **Team Leader Premium**
Team Leaders shall be paid a premium of sixty cents (\$.60) per hour, effective the date of promotion and in accordance with Section 5 of this Article.
3. **Night Shift Premium**
 - 3.1 A night shift premium will be paid an employee for hours worked, including overtime hours, on a shift scheduled to start in accordance with the following chart:

Scheduled Shift Starting Time	Amount of Shift Premium Week Ending
a) On or after 11:00 a.m. and before 7:00 p.m.	5% per hour
b) On or after 7:00 p.m. and before 4:45 a.m.	10% per hour
c) On or after 4:45 a.m. and before 6:00a.m. (also see Par. B 10 of letter to <u>Nate Gooden of 8/4/2001</u>)	10% per hour until 7:00 a.m.

3.2 When an employee covered by (a) above is scheduled to work more than nine (9) hours and beyond 2:00 a.m., the employee will be paid ten percent (10%) for hours worked after 12:00 midnight.

3.3 In applying the above night shift premium provisions, an employee shall be paid the premium rate, if any, which attaches to the shift the employee works on a particular day.

4. **Special Lump Sum Payment**

4.1 The Special Lump Sum Payment provided herein recognizes that a continuing improvement in employees' standard of living depends upon technological progress, better tools, methods, processes, and equipment and a cooperative attitude on the part of the parties in such progress.

4.2 Accordingly, a Special Lump Sum Payment will be made to each eligible employee according to the following table:

Year	Eligibility Date	Amount	Pay Date
First Year	<u>August 4, 2001</u>	<u>\$1450.00</u>	<u>Sept. 7, 2001</u>

4.3 Eligible employees are those employees (excluding summer hires) who as of the eligibility date are on the active payroll or on one of the following leaves of absence not exceeding ninety (90) days: sick leave, education, military, personal, Workers' Compensation, and Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA).

5. **Base Rate Increases**

5.1 Base rate wage increases under this Agreement shall be as follows:

1st year: General Wage Increase of \$0.70/hour (to \$24.12) to the fully grown in rate for Division I and \$0.81/hour (to \$27.84) to the fully grown in rate for Division II, to be effective August 6, 2001.

2nd Year: General Wage Increase of \$0.72/hour (to \$24.84) to the fully grown in rate for Division I and \$0.84/hour (to \$28.68) to the fully grown in rate for Division II, to be effective August 5, 2002.

3rd Year: General Wage Increase of \$0.75/hr (to \$25.59) to the fully grown in rate for Division I and \$0.86 (to \$29.54) to the fully grown in rate for Division II, to be effective August 4, 2003.

4th Year: General Wage Increase of \$0.77/hr (to \$26.36) to the fully grown in rate for Division I and \$0.89 (to \$30.43) to the fully grown in rate for Division II, to be effective August 2, 2004.

6. Effective Dates For Wage Changes

- 6.1 All wage changes during the term of this Agreement will be effective on the Monday preceding or following the week in which the change occurs as set forth below:

Day of Change	Effective Date
Monday	Same Day
Tuesday-Wednesday	Preceding Monday
Thursday-Sunday	Following Monday

XVIII. COST OF LIVING ALLOWANCE

1. Cost Of Living Allowance ("COLA")

Each employee covered by this Agreement shall receive a Cost of Living Allowance adjustment. It is agreed that only the Cost of Living Allowance will be subject to reduction. The Cost of Living Allowance provided in this section shall be carried as an add-on to and not as a part of the employee's base hourly wage rate and will be adjusted up or down as provided in Paragraph 2.2.

2. Adjustment

- 2.1 The Cost of Living Allowance will be determined by changes in the official Consumer Price Index for Urban Wage Earners and Clerical Workers (revised CPI-W), (United States City Average), published by the Bureau of Labor Statistics, U.S. Department of Labor, (1967 = 100), referred to as the BLS Consumer Price Index.
- 2.2 Beginning with the execution of this Agreement adjustments in the Cost of Living Allowance shall be made quarterly at the following times:

Schedule of COLA Adjustments	
Adjustment Date	Based on CPI 3 Month Average for:
September 3, 2001	May, June, July 01
December 3, 2001	August, September, October 01
March 4, 2002	November, December 01 , January 02
June 3, 2002	February, March, April 02
September 2, 2002	May, June, July 02
December 2, 2002	August, September, October 02
March 3, 2003	November, December 02 , January 03
June 2, 2003	February, March, April 03
September 1, 2003	May, June, July 03
December 1, 2003	August, September, October 03
March 1, 2004	November, December 03 , January 04
June 7, 2004	February, March, April 04
September 6, 2004	May, June, July 2004
December 6, 2004	August, September, October 2004
March 7, 2005	November, December 04, January 05

In determining the three month average of the index, the computed average shall be rounded to the nearest 0.1 Index Point, using the engineering rounding method. In no event will a decline in the three-month average Consumer Price Index below 514.9 provide a basis for a reduction in the wage scale by job classification.

3. Amount of COLA

- 3.1 The amount of the Cost of Living Allowance shall be zero cent per hour effective with the effective date of this Agreement and ending September **3, 2001**. Effective September **3, 2001**, and for any period thereafter as provided in Sections 1 and 2, the Cost of Living Allowance shall be calculated as follows:

COLA SCHEDULE

<u>Three-Month Average Consumer Price Index</u>	<u>Cost of Living Allowance</u>
<u>514.9 or less</u>	\$ 0.00 per hour
<u>515.0 - 515.2</u>	0.01
<u>515.3 - 515.4</u>	0.02
<u>515.5 - 515.7</u>	0.03
<u>515.8 - 515.9</u>	0.04
<u>516.0 - 516.2</u>	0.05
<u>516.3 - 516.4</u>	0.06
<u>516.5 - 516.7</u>	0.07
<u>516.8 - 516.9</u>	0.08
<u>517.0 - 517.2</u>	0.09
<u>517.3 - 517.4</u>	0.10
<u>517.5 - 517.7</u>	0.11
<u>517.8 - 517.9</u>	0.12
<u>518.0 - 518.2</u>	0.13
<u>518.3 - 518.4</u>	0.14
<u>518.5 - 518.7</u>	0.15

And so forth with \$.01 adjustment for each 0.25 change in the Average Index.

4. Application

The amount of Cost of Living Allowance in effect at the time shall be included in computing overtime premium, night shift premium, vacation pay, holiday payment, jury duty payment, call-in pay, bereavement pay, and short term military duty pay.

5. BLS Consumer Price Index

5.1 If the Bureau of Labor Statistics does not issue the appropriate Consumer Price Indexes by the beginning of the pay period referred to in Paragraph 2.2, any adjustments in the Cost of Living Allowance required by the Indexes shall take effect at the beginning of the first pay period after receipt of the Indexes.

5.2 No adjustment, retroactive or otherwise, shall be made because of any subsequent revision in the

published figures for the BLS Consumer Price Index for any months specified in Paragraph 2.2.

- 5.3 The continuance of the Cost of Living Allowance depends upon the availability of the monthly BLS Consumer Price Index in its present form and calculated on the same basis as the Indexes for June, 2001 unless otherwise agreed upon by the Parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the BLS Consumer Price Index for Urban Wage Earners, the Parties will request the Bureau to make available, for the life of this Agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the Index for June, 2001.

5.4 The company will notify the International Union UAW, Transnational Department of the quarterly COLA calculation and amount prior to adjustment date.

XIX. WORKING HOURS

1. Hours Of Work

- 1.1 The regular workday shall consist of not more than eight (8) consecutive hours (exclusive of the lunch period referred to in Appendix "A") in any twenty-four (24) hour period. The regular workweek shall be five (5) consecutive eight (8) hour days, Monday through Friday. The provisions of this paragraph shall not be construed as a guarantee that any employee will receive any specific number of hours of work per day or per week.
- 1.2 The Company shall provide a thirty (30) minute lunch as contained in Appendix "A", and two (2) fifteen (15) minute rest periods per shift. One rest period shall be scheduled during the first half of the shift and the other during the last half. Rest periods during overtime shall be provided as follows:

- One hour overtime scheduled. Seven (7) minutes.
 - Two hours overtime scheduled. Fourteen (14) minutes.
 - Breaks to be taken at the beginning of scheduled overtime hours.
- 1.3 The Company may vary or change the scheduled hours and the work week whenever or wherever it is deemed advisable or necessary. If a change in the starting time of a shift or if a work schedule is decided upon, such change will be discussed with the Chairperson of the Bargaining Committee as far in advance as possible. The Company shall post notices of major changes in the work schedule a reasonable time before such changes shall become effective.

2. Computation Of Overtime Premium

- 2.1 For computing overtime premium pay, the regular working day is eight (8) hours and the regular working week is forty (40) hours.
- 2.2 Employees will be compensated on the calendar day when their shift starts working, for the regular working hours of that shift. The employee's working week shall be a calendar week beginning on Monday.
- 2.3 Employees will be compensated as follows:

Straight Time

- (a) For the first eight (8) hours worked in any continuous twenty-four (24) hours, beginning with the starting time of the employee's shift.
- (b) For the first forty (40) hours worked in the employee's working week, less all time for which daily, Saturday, Sunday or holiday overtime has been earned.
- (c) For time worked during the regular working hours of any shift which starts on the day before and continues into a specified holiday or a Saturday.

Time-and-One-Half

- (a) For time worked in excess of eight (8) hours in any continuous twenty-four (24) hours, beginning with the starting time of the employee's shift, except if such time is worked on a Sunday or holiday when double time will be paid as provided below.
- (b) For time worked in excess of forty (40) hours in the employee's working week, less all time for which daily, Saturday, Sunday, or holiday overtime has been earned.
- (c) For time worked on any shift which starts on Saturday.

Double Time

- (a) For time worked during the first eight (8) hours on any shift that starts on Sunday or on a specified holiday.
- (b) For time worked on the calendar Sunday or a specified holiday in excess of the first eight (8) hours worked on any shift that starts on Sunday or a specified holiday.
- (c) For time worked on a Sunday or specified holiday in excess of eight (8) hours worked on a shift which starts the previous day and runs over into Sunday or a specified holiday.
- (d) For time worked in excess of twelve (12) hours in any continuous twenty-four (24) hours beginning with the starting time of the employee's shift.

3. Hours Worked

- 3.1 The following shall not be counted as hours worked in computing overtime:
 - (a) Vacation pay, bereavement pay, jury duty pay, holiday pay, or short term military duty;
 - (b) Call-in or reporting pay if no work is performed, provided the employee is immediately released;
 - (c) Lunch periods;
- 3.2 Premium payments shall not be duplicated for the same hours worked.

XX. OVERTIME

1. General

- 1.1 The parties recognize that the nature of the automobile business often requires employees to work overtime. Overtime to repair breakdowns on essential equipment is often necessary to prevent or minimize interruptions in plant operations. Overtime also may be necessary on bottleneck jobs, during certain times of the year in order to meet model change deadlines, to satisfy fluctuations in customer demand for the Company's products, and for other good reasons.
- 1.2 An individual employee's personal problems in connection with working overtime should be given careful consideration and the employee's individual needs should be recognized. The individual employee's request to be excused from an overtime work assignment, when made a reasonable period of time in advance, should receive every possible consideration. When the employee's request is granted the employee will be notified as far in advance as possible so that the employee can make personal plans accordingly. Thereafter, any cancellation or change in the arrangements to excuse the employee will only be made with the employee's consent.

2. Mandatory Overtime

- 2.1 **Daily Overtime:** Hours in excess of ten (10) hours worked per shift shall be voluntary, for an employee who shall have notified the Company in accordance with Paragraph 2.5.
- 2.2 **Saturday Overtime:** Employees may be required to work Saturdays; however, except as otherwise provided in this Article, an employee who has worked two or more consecutive Saturdays may decline to work the following (third) Saturday provided (a) the employee shall have notified the Company in

accordance with Paragraph 2.5 and, (b) the employee has not missed any day during the week preceding the Saturday .

2.3 **Sunday Overtime:** Except as otherwise provided in this Section, overtime work on Sundays shall be voluntary; provided however, that (a) the employee shall have notified the Company in accordance with Paragraph 2.5 and, (b) the employee has not missed any time during the week preceding such Sunday, except for a Saturday which the employee declined to work pursuant to Paragraph 2.2 above.

2.4 **Continuous Operations:** This section shall not apply to employees working on what are normally considered as continuous operations. The Company will meet and confer with the Union about any overtime problems connected with employees on such operations.

2.5 **Notice:** With respect to all voluntary hours provided for in this Section in a given week, the employee may decline to work such hours if the employee notifies the Group Leader, on a form to be provided by the Company, before the end of the shift on the preceding Wednesday, provided the employee has been notified of the overtime schedules for such week not later than the preceding day. If the employee is not so notified, the employee shall give such notice to the Group Leader before the end of the shift following the day of such notice, provided that if the employee is not so notified until the day on which the overtime is scheduled, the employee shall give notice by at least one hour before the end of the shift in which the employee received such notice from the Company.

3. **Maintenance:** Maintenance work after regular production or on Saturday or Sunday that is essential to smooth production may be required of employees in Division II, regardless of other provisions in this

Article. However, the Company will grant, where practicable, an employee's request to be excused from such overtime work on a given day for good reason. Such request should be made as far in advance as possible and in writing. The employee will be promptly notified of the disposition of the request.

4. Critical Operations

4.1 Critical operations are those that are essential to meeting scheduled production needs, and as a result, must operate, in whole or in part, seven (7) days a week.

4.2 The Company may, from time to time, designate operations as critical, provided, however, that fifteen (15) days prior to making such designations, it will inform the Union, which will indicate its objections, if any, to an operation being so designated.

4.3 Any operation that the Company designates as critical, shall for a period of ninety (90) days after it is so designated, be exempt from the provisions of this Article. After an operation has been initially designated as critical, it may thereafter be redesignated as such by mutual agreement.

5. Annual Automatic Exemptions

5.1 The provisions of this Article that limit or restrict the right of the Company shall be ineffective in the plant (a) beginning on a date two (2) weeks preceding the announced build-out date and ending on the build-out date, i.e., when the plant produces for sale the last unit of the model it has been producing; provided, however, the above-mentioned provisions may be ineffective for up to two (2) additional weeks, provided the Company gives advance notice of supply or other problems which would interfere with the build-out, and (b) for the week in which it launches, i.e., after the build-out, frames the first unit of a new model,

and for three (3) weeks thereafter or until the line reaches scheduled production, whichever is later.

- 5.2 These provisions shall likewise be ineffective during model change time each year for periods to be designated by the company that shall not exceed, in the aggregate, four (4) weeks. The Union will be advised in advance of such designated periods.

6. **Concerted Activity**

Any right to decline daily overtime or Saturday or Sunday work that this Article confers on any employee must be exercised only by each employee acting separately and individually.

7. **Emergencies**

The provisions of this Article that limit or restrict the right of the Company to require employees to work daily overtime or Saturdays or Sundays shall be suspended if operations are interrupted by emergency situations, such as single breakdowns of four (4) hours or more, government mandated work, power shortages, strike, fire, tornado, flood or acts of God, for a period of time necessary to overcome such emergencies.

8. **Work Force Requirements**

Nothing herein shall preclude the Company from expanding its work force beyond the normal requirements or its operations by hiring new employees up to 90 days and adopting a program pursuant to which employees of the plant may have one (1) or two (2) days off per week (which days need not be Saturdays or Sundays), provided that the Company shall meet and mutually agree with the Union prior to taking such action.

9. **Balancing**

Extra work in periods of overtime operations will be balanced among the employees in the Group engaged in similar work, as far as practical. Information concerning balancing of hours status will be openly displayed in every team room so that every employee involved may check their standing.

XXI. HOLIDAYS

1. **Holidays**

The Company will pay employees eight (8) hours pay at their regular assigned rates of pay subject to eligibility, for the following holidays:

2001-2002

Holiday	Date	Day
Labor Day	Sept. 3, 2001	Monday
Thanksgiving Day	Nov. 22, 2001	Thursday
Day After Thanksgiving	Nov. 23, 2001	Friday
Christmas Shutdown	Dec. 24, 2001	Monday
	Dec. 25, 2001	Tuesday
	Dec. 26, 2001	Wednesday
	Dec. 27, 2001	Thursday
	Dec. 28, 2001	Friday
	Dec. 31, 2001	Monday
Jan. 1, 2002	Tuesday	
Martin Luther King Jr. Birthday	Jan. 21, 2002	Monday
President's Day/Cesar Chavez Memorial Day	Feb. 18, 2002	Monday
Good Friday	March 29, 2002	Friday
Memorial Day	May 27, 2002	Monday
Independence Day	July 4, 2002	Thursday
Personal Holiday	T.B.D.	T.B.D.

2002 - 2003

Holiday	Date	Day
Labor Day	Sept. 2, 2002	Monday

<u>Election Day</u>	<u>Nov. 5, 2002</u>	<u>Tuesday</u>
<u>Thanksgiving</u>	<u>Nov. 28, 2002</u>	<u>Thursday</u>
<u>Day after Thanksgiving</u>	<u>Nov. 29, 2002</u>	<u>Friday</u>
<u>Christmas Shutdown</u>	<u>Dec. 23, 2002</u> <u>Dec. 24, 2002</u> <u>Dec. 25, 2002</u> <u>Dec. 26, 2002</u> <u>Dec. 27, 2002</u> <u>Dec. 30, 2002</u> <u>Dec. 31, 2002</u> <u>Jan. 1, 2003</u>	<u>Monday</u> <u>Tuesday</u> <u>Wednesday</u> <u>Thursday</u> <u>Friday</u> <u>Monday</u> <u>Tuesday</u> <u>Wednesday</u>
<u>Martin Luther King Jr. Birthday</u>	<u>Jan. 20, 2003</u>	<u>Monday</u>
<u>President's Day/Cesar Chavez Memorial Day</u>	<u>Feb. 17, 2003</u>	<u>Monday</u>
<u>Good Friday</u>	<u>April 18, 2003</u>	<u>Friday</u>
<u>Memorial Day</u>	<u>May 26, 2003</u>	<u>Monday</u>
<u>Independence Day</u>	<u>July 4, 2003</u>	<u>Friday</u>
<u>Personal Holiday</u>	<u>T.B.D.</u>	<u>T.B.D.</u>

2003-2004

<u>Holiday</u>	<u>Date</u>	<u>Day</u>
<u>Labor Day</u>	<u>Sept. 1, 2003</u>	<u>Monday</u>
<u>Thanksgiving</u>	<u>Nov. 27, 2003</u>	<u>Thursday</u>
<u>Day after Thanksgiving</u>	<u>Nov. 28, 2003</u>	<u>Friday</u>
<u>Christmas Shutdown</u>	<u>Dec. 24, 2003</u> <u>Dec. 25, 2003</u> <u>Dec. 26, 2003</u> <u>Dec. 29, 2003</u> <u>Dec. 30, 2003</u> <u>Dec. 31, 2003</u> <u>Jan. 1, 2004</u> <u>Jan. 2, 2004</u>	<u>Wednesday</u> <u>Thursday</u> <u>Friday</u> <u>Monday</u> <u>Tuesday</u> <u>Wednesday</u> <u>Thursday</u> <u>Friday</u>
<u>Martin Luther King Jr. Birthday</u>	<u>Jan. 19, 2004</u>	<u>Monday</u>
<u>President's Day/Cesar Chavez Memorial Day</u>	<u>Feb. 16, 2004</u>	<u>Monday</u>

Good Friday	April 9, 2004	Friday
Memorial Day	May 31, 2004	Monday
Day After Independence Day	July 5, 2004	Monday
Personal Holiday	July 6, 2004	Tuesday

2004-2005

Holiday	Date	Day
Labor Day	Sept. 6, 2004	Monday
Election Day	Nov. 2, 2004	Tuesday
Thanksgiving	Nov. 25, 2004	Thursday
Day after Thanksgiving	Nov. 26, 2004	Friday
Christmas Shutdown	Dec. 24, 2004 Dec. 27, 2004 Dec. 28, 2004 Dec. 29, 2004 Dec. 30, 2004 Dec. 31, 2004	Friday Monday Tuesday Wednesday Thursday Friday
Martin Luther King Birthday	Jan. 17, 2005	Monday
President's Day/ Cesar Chavez Memorial Day	Feb. 21, 2005	Monday
Good Friday	March 25, 2005	Friday
Memorial Day	May 30, 2005	Monday
Independence Day	July 4, 2005	Monday
Personal Holiday	T.B.D.	T.B.D.

Personal Holiday

Each employee who has completed the initial evaluation period will be eligible to take one (1) eight (8) hour personal holiday **each year of the current agreement**. The personal holiday must be requested in writing on a form provided by the Company, and scheduled and approved by the Group Leader at least two weeks in advance of the proposed day off. A request for a specific day will be considered on a first come, first served basis. Where two employees request the same day at the same time, the employee with greater seniority will be given priority. Employees will be notified of

the approval or denial of the requested personal holiday date within one (1) week from the date the request is received by the Group Leader. Approval may be withheld due to production needs. **Personal holidays are not subject to the 10% vacation scheduling rule.** The personal holiday for the third year of the Agreement **(2003-2004)** will be observed on **Tuesday, July 6, 2004.**

Personal holidays may not be carried over from contract year to contract year. A personal holiday to which the employee was entitled but did not use during either of the first two contract years will be paid **no** later than the third pay period in August following the end of that contract year. The rate of pay for the personal holiday will be in accordance with Article XXI of this Agreement.

2. **Eligibility**

2.1 All employees, including employees who have not yet completed their initial evaluation period are eligible for holiday pay.

2.2 To receive pay for a recognized holiday, eligible employees must work the last regularly scheduled full shift the day before the holiday and the first regularly scheduled full shift the day after the holiday. **An exception shall be made if an employee reports to work within one-hour from the scheduled start of their shift.** Employees scheduled to work on a designated holiday and who fail to do so will not be eligible for holiday pay for that day.

2.3 For the purpose of Paragraph 2.2 above, work is defined as actually working a full shift on the scheduled work day or being on **an** approved **absence such as vacation or scheduled PAA,** (must be scheduled and approved at least two (2) weeks in advance of the holiday), **or a** leave qualified under the Family and Medical Leave Act or the Family School Partnership Act where vacation or PAA was applied, bereavement leave, jury duty leave, short-

term military leave, or union activity leave for that day.

3. Pay For Holidays

3.1 Holiday pay for eligible employees will be calculated on the basis of eight (8) hours pay at the employee's regular base rate plus COLA, shift premium, and Team Leader premium if applicable.

3.2 Employees who are required to work on a scheduled holiday will receive overtime pay in accordance with Section 2, Article XIX. Only actual hours worked on the holiday will be included in the overtime calculation.

3.3 Employees who work on a designated holiday and who are otherwise eligible for holiday pay may request that eight (8) hours be credited to their vacation hours. This request will be in lieu of receiving holiday pay.

In order to provide sufficient time for administration, the employees must submit their request to withhold holiday pay and credit their vacation hours in writing. This request must be made no later than the last regularly scheduled workday of the week in which the holiday occurs.

4. Provisions

4.1 If a holiday occurs during an employee's vacation, it will be treated as a holiday and not charged against vacation time.

4.2 If a holiday occurs while an employee is on jury duty leave, or short-term military leave, the employee will be entitled to receive the difference between normal holiday pay and any amount received for that day as a result of being on leave.

XXII. VACATION (AND PAA)

1. Vacation Hours And Vacation Allowance

- 1.1 The Vacation Accrual date for all regular full-time employees will be the Monday of the first pay period in February, May, August or November, based on date of hire, as follows:

HIRE DATE	ACCRUAL YEAR
January 1 - March 31	January 1 - December 31
April 1 - June 30	April 1 - March 31
July 1 - September 30	July 1 - June 30
October 1 - December 31	October 1 - September 30

- 1.2 Employees are eligible for paid vacation based on attendance and seniority attained in the preceding Accrual year as of the first day of the current Accrual Year in accordance with the schedule below:

SCHEDULE OF VACATION HOURS

Full Years of Seniority	Level 1	Level 2	Level 3
1	64	80	88
2	80	100	108
3	80	100	108
4	96	120	128
5	96	120	128
6	96	120	128
7	96	120	128
8	96	120	128
9	112	140	148
10 - 13	112	140	148
14 or more	128	160	168

NOTE: Employees will be paid out their vacation pay on the 2nd payday after the Monday on which they accrue the vacation. For vacation accruals of eighty (80) or more hours, forty (40) of those hours are useable as Personal Absence Allowance (PAA). For vacation accruals of less than eighty (80) hours, the number of hours in excess of forty (40) is useable as Vacation.

1.3 Level of Attendance for the preceding Accrual Year will be determined as of the first day of the current Accrual Year.

1.4 Level 2 Attendance

An employee's attendance is "level 2" if the employee has not missed more than ten (10) days in the previous Accrual Year, nor more than six (6) days in the previous six (6) months prior to the eligibility date for earned vacation hours.

Certain approved absences are not counted for this purpose: vacation, holiday, jury duty, bereavement leave, military leave, personal leave, Union activity

leave, FMLA/CFRA leave, pregnancy disability leave taken under state law, Industrial Injury/Illness, subpoenaed to appear in a court of law and suspension. Additionally, approved sick leave for an employee with less than six (6) months seniority is not counted for this purpose.

- 1.5 An employee's attendance is considered "level 3" if the employee has not missed any day in the previous Accrual Year prior to the eligibility date for earned vacation hours. Certain approved absences are not counted for this purpose: vacation, holidays, jury duty, subpoenaed to appear in a court of law, bereavement leave, military leave, FMLA/CFRA leave, pregnancy disability leave taken under state law, and union activity leave. When one period of absence due to illness or injury includes time in two (2) eligibility periods and this period of absence results in level 1 attendance, that period of absence will not be included in calculating level 2 attendance for the second eligibility period unless the employee misses additional time during that eligibility period.
- 1.6 Newly hired employees will receive twenty-eight (28) hours of vacation on the second pay period of the month following six (6) months of service.
- 1.7 Vacation Allowance is calculated in accordance with the following:

Vacation Allowance = Rate of pay (*1) x Earned Vacation Hours x Earned Vacation Allowance percentage (*2).

- *1 Rate of pay (base wage rate, COLA, shift premium, and Team Leader premium, if applicable) as of the pay period in which the vacation occurs or is paid in lieu of vacation.

- *2 The Earned Vacation Allowance Percentage is based on the number of pay periods the employee earned in the twelve (12) months of the employee's preceding Accrual Year, calculated as follows:

Pay Periods Earned in Preceding 12-Month Period	Earned Vacation Allowance Percentage
26	100%
25	96%
24	92%
23	88%
22	84%
21	80%
20	76%
19	73%
18	69%
17	65%
16	61%
15	57%
14	53%
13	50%
Less than 13	0%

For employees with six (6) months seniority and level 2 attendance, the earned vacation allowance percentage shall be a hundred percent (100%) regardless of the number of pay periods earned.

2. Vacation Scheduling

- 2.1 Employees will give written notice of their desired vacation dates and alternate dates for eligible vacation hours during the "vacation year" (April 1 - March 30) of each year. The notice shall be given on a form provided by the Company, by February 1, of each succeeding year.
- 2.2 Earned paid vacation is to be used for the period from the employee's eligibility date to the next eligibility

date. However, the employee may carry over up to forty (40) hours of earned paid vacation for an additional twelve (12) month period.

2.3 If the Company shuts down for vacation periods or changeover, employees entitled to vacation must schedule that vacation during the shutdown (unless the employee is scheduled for work during the shutdown). Normally, vacation shutdown periods will be announced by February 1.

2.4 The Company will try to accommodate each employee's schedule. Normally, no more than ten (10) percent of the employees in a Group will be permitted to take vacation at any one time with no more than one employee per team on vacation at any one time. Normally, Team Members will give no less than two (2) calendar weeks notice prior to the date they intend to start their vacation. In case of conflict, employees with greater seniority will be given priority.

2.5 Employees will be notified of their approved dates by March 1st. Vacation dates once approved will not be changed by the Company except for unusual and unexpected production requirements. Employees may exchange approved vacation dates upon approval by their Group Leader. However, an employee cannot use seniority to displace another employee's vacation dates.

2.6 **Vacation**

Employees are encouraged to take vacation hours in forty (40) hour increments. However, upon approval by their Group Leader, employees will be permitted to take vacation hours in no less than four (4) hour increments up to forty (40) hours, or sixteen (16) hours for less than one (1) year seniority employees.

2.7 Vacation used as Personal Absence Allowance (PAA)

Upon approval by their Group Leader, employees will be permitted to use vacation hours as PAA up to forty (40) hours, or twelve (12) hours for less than one (1) year seniority employees. This portion of the vacation (PAA purpose) shall be used automatically in all cases before any employee takes a day off without pay except, in the case of an approved personal (i.e., non-industrial) sick leave of absence of five (5) days or more where utilization of the PAA portion will be at the option of the employee.

3. Pay In Lieu Of Vacation

3.1 Any earned vacation hours not used during period provided in Paragraph 2.2 will be paid within three (3) weeks after the eligibility date.

3.2 Team members may, upon one (1) calendar week's notice to the Payroll Department, receive pay in lieu of vacation in excess of forty (40) hours. Vacation payouts shall be in forty (40) hour increments, or, if the balance remaining as of the date of the request is less than forty (40) hours, the entire balance.

4. Vacation Pay Upon Separation

4.1 An employee who is terminated or quits for any reason on or after the employee becomes entitled to a vacation and before the employee has received a vacation will be paid a lump sum in lieu of vacation computed as the amount to which the employee would be entitled if the employee's vacation were to begin on the day on which employment was terminated.

4.2 If an employee retires or dies, but in no other event, prorated vacation from the employee's last accrual

date will be paid in addition to the vacation earned in Paragraph 4.1.

5. **Vacation Pay**

Employees will be paid their earned vacation allowance on the last work day immediately preceding their vacation period, provided the employee submits an earned vacation allowance request at least two (2) weeks in advance.

XXIII. LEAVES OF ABSENCE

1. **Definition**

A leave of absence means approved time off from work with or without pay for a specific period of time for serious or compelling reasons as described below.

2. **Eligibility**

2.1 Employees who have not completed their initial evaluation period are not eligible for a leave of absence, except where such leave is legally required.

2.2 The Company will grant time off without pay in lieu of a leave to employees ineligible for leave where it is determined that serious or compelling reasons exist.

3. **Bereavement Leave**

3.1 In case of a death in the immediate family, employees are eligible for a leave of absence, not to exceed three (3) consecutive working days, or five (5) consecutive working days in the case of the death of a current spouse, parent, child or step-child, to attend the service unless circumstances make attendance at the service impossible.

3.2 Immediate family is defined as the employee's spouse, parent, stepparent, grandparent, great grandparent, child, stepchild, grandchild, brother, stepbrother, half-brother, sister, stepsister, half-sister, current spouse's parent, current spouse's stepparent, current

spouse's grandparent, and current spouse's great grandparent.

- 3.3 The employee must take the leave within ten (10) days of the date of death unless the service is delayed. If the service is delayed, the bereavement leave may be delayed until the date of the service.
- 3.4 Employees who have completed the evaluation period will receive their regular base rate, plus COLA, shift premium and Team Leader premium, if applicable, for each day they would otherwise have been scheduled to work .

In instances where an employee is on an approved leave of absence or vacation and when death occurs during the first seven (7) calendar days of the leave, the employee shall be paid as described above. This pay shall not exceed eight (8) hours per day for three (3) days.

- 3.5 If time off in excess of paid bereavement leave is required and approved by the Company due to travel or other unusual circumstances, it may be charged against earned vacation hours or taken as time-off without pay, depending upon the employee's preference. Time off in excess of paid bereavement leave must be approved by the Company.
- 3.6 Employees requesting bereavement pay must submit an "Application For Bereavement Pay" form to the Company.

4. Jury Duty Leave

- 4.1 Employees legally summoned for jury duty are eligible for jury duty leave upon providing the Company with a copy of their summons.
Employees with an established shift starting time on or after 7:00 p.m. and on or before 4:45 a.m. will be excused from work on either their shift immediately

preceding the jury service, or their shift immediately following the completion of the jury service, at the option of the employee. Such employee must notify their immediate supervisor of their election prior to being absent for jury duty.

4.2 Employees who have completed the initial evaluation period at the time the leave begins will receive payment equal to the difference between their regular base rate, plus COLA, shift premium and Team Leader premium if applicable, and any pay received from the court (excluding travel) for each day on which they are required to report or perform jury duty and would otherwise have been scheduled to work. Such pay will not exceed eight (8) hours per day.

4.3 Employees must submit satisfactory documentation to the Company that jury duty was performed on the days for which pay is requested.

4.4. Employees legally subpoenaed to appear in a court of law will be granted an allowable absence without pay or penalty. Such employees must submit satisfactory documentation to the Company for the days for which the allowable absence is requested.

5. **Short-Term Military Leave**

5.1 Employees who are members of the U.S. Armed Forces Reserve or National Guard and are called to short-term military duty are eligible for a leave of absence for the length of call-up to a maximum of thirty (30) calendar days.

5.2 Upon notice to report for military duty employees must provide the Company with a copy of their military orders.

5.3 Employees who have completed at least six (6) months of seniority will receive payment equal to the

difference between their regular base rate, plus COLA, shift premium and Team Leader premium if applicable, and the amount of military base pay received (excluding rations, subsistence, and travel) for each day they would otherwise have been scheduled to work. Such pay will not exceed eight (8) hours per day and is limited to a maximum of ten (10) working days in each calendar year except in cases of call-up for public emergency.

- 5.4 Employees may elect to take earned vacation hours during this period with no reduction in pay for any military pay received.
- 5.5 Employees must submit a copy of their military pay record to the Company if pay is requested.
- 5.6 If employees desire to take voluntary training leave that is not required for maintenance of membership in a reserve unit, they may apply for a personal leave of absence without pay.

6. **Long-Term Military Leave**

- 6.1 Employees who leave work to enter the U.S. Armed Forces are eligible for an unpaid military leave of absence for the duration of their service, or four (4) years, whichever is less, unless additional leave is required by law.
- 6.2 Employees returning from a military leave of absence will be eligible for reinstatement in accordance with applicable laws.
- 6.3 Employees who fail to report for work within ninety (90) calendar days of (a) the date of discharge or after (b) a hospitalization which continued after discharge will be considered as having voluntarily resigned.

7. Leave For Public Office

- 7.1 Employees who have completed the evaluation period and are elected or appointed to full-time public office are eligible for an unpaid leave of absence for the duration of the first term of office.
- 7.2 A request for this leave of absence must be made in writing and submitted to the Company immediately after being elected or appointed.
- 7.3 At the option of the Company, this leave may be renewed for successive terms of office.

8. Personal Leave

- 8.1 Employees who have completed the evaluation period are eligible to request an unpaid leave of absence for legitimate personal reasons for a reasonable period, for not less than five (5) consecutive nor more than thirty (30) consecutive working days. Such leaves will be extended or renewed for serious or compelling reasons at the option of the Company.
- 8.2 Personal leaves are granted at the discretion of the Company and are not intended to be used for vacation purposes.

9. Sick Leave

- Employees who become ill or disabled are eligible for an unpaid leave of absence after an absence of five (5) consecutive working days. Requests for such leave will be submitted within this five (5) day period and will include medical documentation from their attending physician indicating they are unable to work and the estimated duration of their absence. The Company may, at its expense, request an impartial medical opinion from a mutually agreed upon medical examiner.
- 9.2 Sick leave for pregnancy will begin as of the date the employee's physician certifies the employee is no

longer able to perform her normal job duties. This leave will end as of the date the employee's physician releases her to return to normal job duties. A pregnant employee will promptly notify the Company about the pregnancy so that appropriate consideration can be made.

9.3 A sick leave of absence may not exceed the employee's length of seniority as of the date of the illness or disability, or eighteen (18) months for an employee with less than one (1) year of seniority, or thirty-six (36) months for an employee with more than one (1) year of seniority, whichever is greater.

9.4 In compensable injury and legal occupational disease cases, sick leave will be granted automatically and seniority will accumulate for the full period of legal temporary disability. Employees disabled during evaluation period by compensable injury or legal occupational disease shall be given credit for the period of such disability toward acquiring seniority.

9.5 At least one (1) day prior to the anticipated return to work date, employees must present evidence to the Medical Department that they have been released to return to their normal job duties. The Company will make the final decision as to the employee's ability to return to the employee's normal job duties.

10. **Union Activity Leave**

When Union activity related to the Union business necessitates the absence of an employee from work, the Company will grant this leave of absence to the employee without pay for the time specified. This absence shall not jeopardize the employee's position or status as an employee of the Company. This leave of absence will not be extended for more than a period of one (1) year or for the duration of the term of elected office. Request for this leave must be made at

least five (5) working days prior to the date the leave is to begin.

11. Educational Leave Of Absence

11.1 Employees with one or more years of seniority may make application for a leave of absence for further education.

11.2 One continuous leave of absence for such education will be granted without pay to eligible employees for a period not to exceed twelve (12) months, subject to Company approval.

12. Application For Leave Of Absence Procedure

Employees seeking a leave of absence must request the leave in writing to the Company, as far in advance as possible of the date the leave is to begin, but no later than five (5) days prior to the date the leave is to begin. In case of a medical emergency or a death in the family, a written or verbal request for leave must be made not later than five (5) calendar days after the first day of absence.

13. Return From Leave

The Company will return the employee to the original Group held prior to the leave seniority and qualifications permitting, provided that the employee returns from the leave within ninety (90) days from the start of the leave.

14. Accumulation Of Seniority

Seniority will accumulate during the period of absence for the leaves described in this Article.

XXIV. GROUP INSURANCE PROGRAM, HEALTH CARE INSURANCE PROGRAM, RETIREMENT PLAN, SAVINGS PLAN, RESERVE FUND PLAN, LEGAL SERVICES PLAN AND SUPPLEMENTAL WORKERS' COMPENSATION PLAN

- 1.1 A Group Insurance Program, Health Care Insurance Program, Retirement Plan, Savings Plan, Reserve Fund Plan, Legal Services Plan and Supplemental Workers' Compensation Plan and agreement with respect to their administration have been agreed to by the parties and are made part of this Agreement by this reference. The provisions of the plans and programs shall be applicable to employees represented by the Union for the term of this Agreement. An outline of the provisions of the plans and programs are shown on Appendix B.
- 1.2 The Company may change the insurance carrier through which it provides the Group Insurance Program and the Health Care Program. However, prior to any change in carrier the parties will meet and confer over the reasons for any change at least sixty (60) days in advance of such change. The change in carrier shall not result in any loss of benefits to the employees.
- 1.3 The provisions of this Article are not subject to the Problem Resolution Procedure Article X.

XXV. HEALTH, SAFETY AND ERGONOMICS

- 1.1 The Company recognizes its obligations and responsibilities to provide a safe and healthful working environment for its employees. The Company is proud of its past accomplishments in this area and is committed to continue to work closely with the Union in developing and implementing health, safety, & Ergonomics programs that could be a model for use throughout the industry. Fundamental to achieving this goal is the active involvement of all employees. To support those joint programs, the Company recognizes that the Union General Representatives in Health & Safety and the UAW Coordinator for Health, Safety and Ergonomics will participate in every aspect

of such programs. The parties recognize their obligation to cooperate in maintaining and improving a safe and healthful working environment, and to use all their best efforts jointly to achieve these objectives.

- 1.2 Therefore, it is agreed by the parties that a Joint Safety Committee be established which will have the overall responsibility and authority to establish, maintain and supervise a complete, total and comprehensive Health and Safety Program in the plant that will meet the objectives noted above.
- 1.3 Nothing in this Article creates any rights against the Union enforceable by the Company or by an individual employee.

2. **Joint Safety Committee**

- 2.1 The Joint Safety Committee shall consist of six (6) Representatives of each party:

The Union Representatives will be:

President of the Local Union; and The UAW Coordinator for Health, Safety and Ergonomics; and The UAW General Representatives for Health and Safety; and The Bargaining Committee Chairperson; and One (1) Bargaining Unit Employee, who will serve for One (1) year rotating term, appointed by the Union.

The Company Representatives will be:

The Vice President of Human Resources; and The **Vice President** of Manufacturing; and The **Vice President** of Engineering; and The Manager of Safety; and The Manager, Team Member Relations; and The General Manager(s) of Manufacturing.

2.2 The President of Local Union and the **Vice President** of Manufacturing, shall serve as Co-Chairperson of the Joint Safety Committee. The committee shall meet monthly.

2.3 The committee objectives are to:

Effectively implement and monitor key program elements. Among them are:

- injury and illness prevention;
- ergonomics;
- noise abatement and hearing conservation;
- training;
- preventative maintenance;
- new machinery and equipment review;
- toxic material reduction;
- lockout;
- confined space entry;
- fall prevention;
- ventilation; and
- audit and ensure compliance with safety rules, procedures and programs.

The UAW Coordinator for Health, Safety and Ergonomics will be notified in advance of health and safety inspections by OSHA, insurance loss control and boiler inspectors, City of Fremont Fire Department, Alameda County Department of Health officials, and licensed health and safety inspectors required or by health and safety consultants retained by the Corporation, and will be afforded an opportunity to accompany such officials or consultants and provide any pertinent information to them. A copy of such reports, including those of insurance inspectors, will be provided to the UAW Coordinator for Health, Safety and Ergonomics.

3. Problem Resolution

3.1 Every reasonable effort shall be made to settle problems promptly and through discussion. Employees should discuss and attempt to resolve health and safety issues with the appropriate Group Leader. Failing resolution, the problem should be reduced to writing by the appropriate Union representative(s) on a safety problem resolution form. Problems will be resolved by means of the Health, Safety and Ergonomics Problem Resolution Procedure set forth below:

3.2 Health, Safety and Ergonomics Problem Resolution Procedure.

STEP	UNION REPS	COMPANY REPS	TIME LIMIT
1	District Committee-person or General Representatives for Health and Safety or the UAW Coordinator for Health, Safety and Ergonomics	Section Manager	5 days
2	Bargaining Committee person and the General Representatives for Health and Safety or the UAW Coordinator for Health, Safety and Ergonomics	General Manager	5 days

STEP	UNION REPS	COMPANY REPS	TIME LIMIT
3 (Final Resolution)	International Rep., UAW Chairperson, Bargaining Committee	<u>Vice President of Manufacturing</u> Vice President Human Resources	As agreed between the Company and Union up to a maximum of 30 days
4 (Ultimate Resolution)	UAW Vice President	<u>Senior Vice President</u>	As agreed among the parties

The time frames set forth in the above table may be extended upon mutual agreement of the parties.

4. Ergonomics

- 4.1 The Company and the UAW have established a comprehensive ergonomics program at NUMMI. The elements of the program include Injury and Illness Analysis, Job Evaluation, Implementation of countermeasures, Medical Management and Training.

The program is administered by the Joint Safety Committee.

All ergonomics activities within NUMMI will be conducted under the direction of the Joint Safety Committee. Ergonomic kaizen activities that may occur in teams, groups, sections and departments will be encouraged and supported.

The Company will designate a management representative to work on ergonomics with the Union General Representative for Ergonomics.

Department/Section Ergonomics Committees are established which consist of a UAW Committeeperson, a skilled trades representative, the UAW General Representatives for Health and Safety, a Company Ergonomics Representative, the UAW Coordinator of Health, Safety and Ergonomics, Manager(s), Department Engineer and the Safety Coordinator designated to perform job evaluations. The Section Manager will chair the committee. Meeting minutes will be kept.

4.2 **Injury and Illness Analysis**

The Company has implemented occupational injury and illness data systems. Reports are generated on a regular basis and circulated to members of management and posted in designated locations in the plant. The reports show trends, distribution by type of injury and areas highest in injury frequency. The Joint Safety Committee and Section Ergonomics Committees utilize the reports to focus efforts in areas where risk is highest and to monitor the overall effectiveness of the ergonomics program.

4.3 **Job Evaluation**

The Company and Union agree to jointly kaizen the existing ergonomic job evaluation methods. These methods will incorporate the best practices of past methods of evaluation and include additional criteria based on the latest scientific information and guidelines used by other auto manufacturers that have been found to be effective and support the Toyota Production System. Job evaluation methods will be continuously improved, based on mutual agreement, to ensure that they accurately reflect the risks on jobs. Computerized data collection systems will be updated based on the new method of analysis.

The Company will continue to encourage employees to report to their Group Leader, orally or in writing, symptoms of ergonomic injury or ergonomic risk without fear of reprisal or discrimination.

Symptom surveys will be conducted in all plant operations every two years. Symptom surveys will be jointly developed and may include health and safety related questions.

The Union and Company agree to establish a special ergonomics task force to conduct job analysis and recommend countermeasures. The task force will include eight full time UAW members selected by mutual agreement. Additional members will be added as necessary. The Union and Company will each designate a representative to jointly oversee day-to-day functioning of the task force including areas of responsibility. The ergonomics task force will be assigned to the Plant Operations Departments.

Jobs are evaluated within two weeks of an injury or complaint. A copy of the evaluation will be provided to the Group Leader, injured team member, the Section Manager and Safety Section.

The Company has developed a computerized inventory of all production jobs on the passenger assembly line. A similar inventory will be developed for production jobs on the truck line. In the future, injuries and evaluations will be linked to specific production jobs.

The Company will provide appropriately furnished workstations for the ergonomic task force members to conduct business.

Evaluations will be performed on all jobs in production sections, including Conveyance and Production Control, and when:

- An employee reports complaint of injury or risk of ergonomic injury;
- An employee is diagnosed with an ergonomic injury;
- The Company becomes knowledgeable of an ergonomic risk in a specific work activity;
- There is a major model change. (Performed at the earliest stage of development and always prior to production);
- A Safety Concern Activity Report form is submitted alleging an ergonomic risk.

Evaluations will be updated when an employee is newly diagnosed with an ergonomic injury **or when** the job or operation is substantially changed or after **countermeasures** have been implemented.

The components of a worksite evaluation will include but are not limited to; 1) asking the team member which work activity may be causing the injury or symptom, 2) identifying the specific work activities that are likely contributors to the ergonomic risk, symptom, or diagnosis, 3) observation of job, 4) identification and evaluation of potential countermeasures to reduce ergonomic risk 5) asking the employee for ideas about minimizing ergonomic risk factors and 6) a description of the feasible control measures to be implemented. Such analysis includes input from team members whose jobs will be affected by the modification.

All job evaluations including updates, will be documented. This includes evaluations performed on new jobs prior to a model change.

Upon receipt of an ergonomic job evaluation **from an ergonomics task force member**, the Group Leaders will take action to implement countermeasures within 5 days. If the problem job is not resolved within 5 days, the **problem will be reported** to the Assistant Manager **by the ergonomics task force member**. If

the problem job is not resolved by the Assistant Manager within 5 days, it will be reported to the Manager. If the problem job is not resolved within 5 days, it will be referred to the Department Assistant General Manager and/or General Manager.

4.4 Countermeasures

The Company will use feasible engineering controls and administrative controls to eliminate or reduce ergonomic risk. Control measures are deemed necessary when any work-related ergonomic risk causes or aggravates symptoms of an ergonomic injury, or when job activities are substantially likely to result in the development of an ergonomic injury.

Engineering controls will be utilized whenever feasible. When engineering controls are determined to be necessary, feasible administrative controls will be used as necessary to control ergonomic risk before engineering controls are implemented. Administrative controls will not be used as a substitute for engineering controls.

Control measures will be implemented in a timely manner, based on the severity of the hazard.

A master list of all ergonomic problem jobs for the facility will be maintained. Problem jobs that are not corrected within two months will be placed on the agenda for the next meeting of the Joint Safety Committee.

4.5 Training:

Ergonomics training will be provided for all members of ergonomics committees. Each team member will receive a minimum of two hours of ergonomics training every two years. The training will include symptoms and consequences, risk factors (posture, force and repetition), methods to minimize risk and the importance of reporting problem jobs, ergonomic injuries and symptoms.

Team Leaders, Group Leaders, Assistant Managers and Managers will receive a minimum of 4 hours of initial ergonomics training. Refresher training will be provided as necessary.

The Company will provide one week of training for ergonomic task force members each year. Training provided during the first year of the contract will include: anthropometry, ergonomic design guidelines, risk factors, countermeasures, the NIOSH 1991 Lifting Formula, human anatomy, types of cumulative trauma disorders, shop floor practice using analysis tools and checklists, and gathering data on forces. A member of the UAW Health and Safety Department staff may assist in the development and delivery of the training.

In addition to the training above, members of the ergonomics task force will be scheduled to attend one joint UAW Ergonomics conference a year. The Company will cover all related expenses.

Members of the Pilot Teams will receive a minimum of 24 hours of initial ergonomics training.

4.6 Medical Management.

- The Company maintains a system of medical management, which includes employee access to medical personnel who are trained in current procedures for evaluation and treatment of cumulative trauma disorders.
- The Company's medical management program includes early detection and evaluation of work-related ergonomic injuries and symptoms of ergonomic injuries.
- When there is an ergonomic injury related work restriction, the medical personnel shall prepare a work status report, which clearly describes the motion of activity that is to be avoided or reduced. Employees will be placed only on jobs

within their medical restrictions. An employee may request a re-evaluation of medical restrictions if a problem occurs in performing the activities of the assigned job.

- The Company will provide, upon request, a copy of the medical records to the employee.
- When a team member uses a medication or medical supply from a Comfort Kit for a work related condition, the Group Leader will list on a log the team member's name, date, nature of illness or injury and items taken from the kit. The Company will continue to refer team members to the medical department for appropriate medical care and OSHA log recording.

4.7 Annual Review

The Company and Union will jointly audit the entire ergonomics process each year and make recommendations for improvements to the Joint Safety Committee.

The Company will take whatever action is necessary to comply with applicable laws and regulations pertaining to employees' health, safety and ergonomics. Where the Company has reason to believe that a violation of a law or regulation is occurring or may occur, it may take whatever action is necessary to discontinue or prevent such violation.

5. Professional Development

The Company will continue to support and fund professional development for Union Health and Safety and Ergonomics Representatives and the UAW Coordinator for Health, Safety and Ergonomics, unless the parties mutually agree to modifications.

6. **Noise**

The Company will continue to administer a Noise Control and Hearing Conservation Program. The goal of the program will be to continuously reduce the percentage of employees required to wear hearing protection. A noise abatement plan will be developed on an annual basis and reviewed with the Local Union to provide an opportunity for suggestions intended to improve the plan. The Company recognizes the importance of considering the noise level when purchasing new equipment. The Company will make its best efforts to achieve an 80 dB standard, if and where technologically and financially feasible, and when the Company controls the purchasing decision.

A joint Noise Control Committee will be established. The Noise Control Committee will consist of representatives from Plant Engineering, Manufacturing Operations, Medical, Safety and Industrial Hygiene Section and the Joint Safety Committee, and others as deemed appropriate by the Joint Safety Committee, such as certain skilled trades personnel, and/or other employees. The Noise Control Committee has the responsibility to seek input from plant personnel in identifying noise sources and potential ways to reduce noise levels.

The Noise Control Committee will meet regularly, record minutes and report quarterly to the Joint Safety Committee regarding progress on the Noise Abatement Plan. The annual evaluation will include:

1. Copies of the plant's noise abatement program;
2. A summary of audiometric tests;
3. The number of employees that experienced standard threshold shift;

4. The number of employees that are required to wear hearing protection;
5. The number of employees at risk of exposure at or above 85 DBA;
6. The number of employees at risk of exposure above 90 DBA;

7. **Hazardous Material Review**

Effective control of hazardous materials will serve to protect the employees of NUMMI. The Company is committed to the goal of continuous reduction in the use of hazardous materials. This is being accomplished through the implementation of a written program which established the Hazardous Materials Review Committee (HMRC). The HMRC will be co-chaired by the Environmental and Quality Control Engineering sections and its membership will include representatives from Purchasing, Security and the Safety sections, and the UAW General Representatives for Health and Safety and Ergonomics and the UAW Coordinator for Health, Safety and Ergonomics. The HMRC will define the hazardous material approval process and emphasize ongoing efforts to identify safer substitutes for new as well as materials currently in use. These efforts will be directed by the HMRC and are expected to reduce employee exposures and protect the environment.

8. **Training**

Development of the health and safety training plan and selection of safety trainers for hourly employees will be performed jointly with the Union, including such training performed by the Safety Section and the Engineering Training Center for Skilled Trades. The Company will use its best efforts to continue to use as trainers qualified hourly employees, where practical and desirable.

9. Task Based Risk Assessment

The Company will continue to develop its process for performing a task based risk assessment on all robotic and automated operations in the plant, with primary emphasis on the body shop. This assessment will include identification of task, hazards associated with each task, level of risk for each hazard and reasonable appropriate control measures, if any, to protect employees. Risk assessments will be documented.

10. Joint Research

The Company agrees to establish a fund to support joint research. A study will be conducted to evaluate the effects of rotation on cumulative trauma disorders. Alternative projects may be selected based on mutual agreement. The Company will contribute \$150,000 to the fund. Costs associated with time off the job for employees to complete surveys and medical tests will be paid by the Company and will not be charged against the research fund.

11. Contractor Safety

The Company will maintain its Outside Contractor Safety Program. The program will include training for project managers, engineers and enforcement of guidelines. Engineers and project managers will monitor contractor performance on a regular basis.

12. Safety Coordinators

The Company recognizes the importance of hourly employees who function as members of the Section Safety Committees and are known as "safety coordinators." Safety coordinators will participate with the Group Leader in conducting inspections while the line is running, attending meetings and raising health and safety concerns. Safety

coordinators will receive eight hours of health, safety and ergonomic training per year.

13. New Equipment

The Company will establish and implement a procedure of advance notification and involvement of Company and Union health and safety personnel in the review of new production equipment and machinery.

14. Confined Space Entry Procedure

The Company and Union will continue to improve the Confined Space Entry Program. All confined spaces will be posted, training will be provided for those employees that must enter confined spaces and those that issue permits. Necessary equipment will be made available and the program will be periodically monitored. The Company and Union will visit each confined space location and ensure that it is properly identified and marked.

XXVI. BULLETIN BOARDS

- 1.1 The Company will furnish eleven (11) bulletin boards to be used by the Union for posting of notices of meetings, elections, recreational events, and similar notices. Bulletin boards shall be glass enclosed and lockable. Notices referring to controversial matters shall not be posted. The bulletin boards shall be placed in conspicuous places on the Company's property, as agreed by both parties. Additional informational areas shall be provided for by mutual agreement.
- 1.2 All notices must be signed by the President or Chairperson of the Bargaining Committee prior to posting.

XXVII. PROHIBITION OF STRIKES AND LOCKOUTS

- 1.1 During the term of this Agreement or any extension thereof, there shall be no lockout of employees by the Company.
- 1.2 During the term of this Agreement or any extension thereof, neither the Union nor its agents or representatives will cause, engage in, or authorize its members to engage in any strike, sympathy strike, work stoppage, picketing, boycott, sick-out, slowdown or other concerted activity to interrupt work against the Company.
- 1.3 If any action or activity prohibited by Paragraph 1.2 occurs, the Company shall notify the Union and the Union shall notify its members to return to work and to cease the unauthorized stoppage.
- 1.4 Any employee who engages in any activity specified in Paragraph 1.2 above will be subject to discipline up to and including discharge subject to review by the Problem Resolution Procedure.

XXVIII. STANDARDIZED WORK

1. **Description And Objective**
- 1.1 For some time prior to the execution of this Agreement, the Company has been utilizing a procedure for establishing and changing Standardized Work. Under this procedure, described in Appendix "C" and based on Toyota Production Methods, employees are encouraged and expected to participate with their Team Leaders and Group Leaders in designing and establishing Standardized Work. The objective of the Standardized Work procedure is to insure that employees work at a safe and reasonable pace, in the most efficient and safe manner, while maintaining quality standards. In the interest of safety, efficiency, best quality and other production

needs, the Company may establish and change Standardized Work by continuing this procedure. The Standardized Work includes items such as required Manpower, Takt time, model mix, operation arrangements, tools, operation methods, and required times for performing operations.

- 1.2 As part of the New United Motor's production system, employees are expected to use their best efforts in performing the job within the Takt time and to alert their Group/Team Leader of production or quality problems. If the problem in production or quality is such that they cannot complete their tasks in the proper manner, they are expected, without being subject to discipline, to pull the cord or push the button to sound the alarm, and ultimately stop the line, alerting a Group/Team Leader of the problem. If the problem is of a recurring nature, the employees will work together to KAIZEN the operation according to the procedure set forth in Appendix "C".
 - 1.3 The Company will explain and discuss monthly production schedules with the Union for mutual understanding. This meeting will be held monthly for discussion of production related matters, including three (3) month production forecast, manpower balance between sections, assembly line Takt time, model mix, and estimated scheduled overtime.
2. **Procedure For Review Of Standardized Work Problems**
 - 2.1 Problems relating to Standardized Work or production standards shall be subject to the procedures set forth in this Article.
 - 2.2 The purpose of this procedure is to establish a method consistent with our philosophy of mutual trust and respect whereby the Union and Company jointly assess Standardized Work concerns which are not resolved through reasonable and best team effort.

- 2.3 An employee who has a problem with Standardized Work can utilize this procedure to resolve the problem.
- 2.4 If the Standardized Work problem is not resolved between the Group Leader and the employee(s) within five (5) working days from the date the employee(s) has addressed the complaint to the Group Leader, the Union Coordinator may submit the problem to the Standardized Work Committee (SWC). The SWC shall consist of a Production Manager or Coordinator, a Human Resources Representative, the Chairperson of the Bargaining Committee or his designee, and the respective District Committee person.
- 2.5 When a written Standardized Work problem is filed with the SWC, the SWC shall meet and conduct an immediate fact-finding investigation. This investigation will include but not be limited to the following:
- a) Discussion with the affected Group Leader, Team Leader and Team Members to determine the exact nature of the problem;
 - b) Review of Standardized Work charts, manning, and current Kaizen efforts (if any) to improve work process/sequence;
 - c) Assessment of physical capabilities of employee(s) to perform the operation;
 - d) Nature and extent of training received by the employee(s);
 - e) Tooling and process; and
 - f) Quality and location of stock.
- 2.6 Upon completion of the investigation, the SWC will determine the specific nature of the problem and make recommendations for correction to the affected Section.

- 2.7 If, within five (5) working days from completion of the investigation, the problem is not resolved by the SWC, it will be submitted to a Standardized Work Board (SWB) consisting of the Vice President-Manufacturing (or designee), the Vice President, Human Resources, the International Representative of the UAW, and the Chairperson of the Bargaining Committee of the Local Union for resolution. Either party may call upon the UAW Vice President and W. J. Usery for final resolution of the problem.
- 2.8 Both parties agree to utilize this procedure in the event that problems arise. This procedure shall be the exclusive remedy for any problem on Standardized Work or work standards.

XXIX. GENERAL PROVISIONS

1. Definitions

For the purpose of this contract:

Department shall be defined as that "area" which is Vice President or General Manager responsible.

Example: Manufacturing

Section shall be defined as that "area" which is included in a Department and is Manager responsible.

Example: Assembly-Truck, Paint-Passenger

Group shall be defined as that "area" which is included within a Section and is Group Leader responsible.

Example: Trim II

Team shall be defined as that "area" which is included within a Group and is Team Leader responsible.

Example: Team 1, 2, 3, etc. in Trim II Group

2. **Medical**

Employees, required to undergo a medical examination by the Company as a result of job requirement or to diagnose a medical condition, may have a third party physician (appointed by the employee's physician and the Company's medical advisor) resolve any dispute between the Company and the employee on the findings of the Company's medical examination.

3. **Report Pay And Call-In Pay**

3.1 Any employee called to work, or permitted to come to work without proper notification that there will be no work, shall be provided with four (4) hours work or, at the Company's option, four (4) hours pay in lieu of work at the employee's regular straight-time hourly rate. The employee must remain available for work until assigned or released by the Company.

3.2 This Section shall not apply if conditions beyond the control of the Company interfere with work being provided or notice being given.

4. **Skilled Trades And Apprenticeship Training**

4.1 The parties mutually agree to establish and put into effect a comprehensive system for Skilled Trades and Apprenticeship Training. This system shall include an annual meeting in September with the UAW/NUMMI joint committee on skilled trades/apprenticeship/training in which the anticipated number of apprentices is discussed. Factors to consider when forecasting apprenticeship needs include targeted headcount, actual headcount, retirements, attrition, business needs and projects.

4.2 A Joint Union-Management Committee on Skilled Trades/Apprenticeship/Training shall be responsible for designing and implementing such a system, and to advise the Union Representatives (designated in

Article VIII) and the Human Resources Department regarding matters related to Skilled Trades.

- 4.3 The Committee shall consist of equal numbers of Company and Union Representatives. The UAW General Representative for Skilled Trades/Apprenticeship/Training shall be one of the Union members of the Committee.
- 4.4 Prior to hiring or transferring a Team Member to Division II, the Company will review the applicant's journey person's credentials with the Chairperson of the Bargaining Committee or designee.
- 4.5 Training of NUMMI's Maintenance personnel is critical to our success and progress. Our employees' skills can be improved through class room, hands-on and on the job training. Specific training classes must be focused on the skills necessary for the employee to grow in knowledge and at the same time meet the needs of current and new technology being implemented in machinery, equipment and process systems. The Training Center and maintenance sectional management shall coordinate, track, and ensure that training is provided to maintenance team members. Periodic reviews of these tasks shall be conducted and the results forwarded to the UAW skilled trades representative. Issues involving the number of team members trained and training schedules may be addressed during monthly Maintenance Training Center meetings and quarterly Sectional Maintenance meetings respectively.

Specific courses should be discussed and agreed upon through the joint efforts of the Chairperson of the Bargaining Committee and the UAW Skilled Trades representative, or their designee(s), and management representatives.

Training and/or applicable certification will continue to be given through the Training Center in the following areas:

- Basic welding
- Maintenance shop machine, equipment and tools
- Basic electrical
- Safety
- Fall protection
- Lock Out/Tag Out

The training and/or applicable certification designated below may be given to employees who, after consultation with the Skilled Trades Committee and in the opinion of the Company, have the skills and aptitude to benefit from and apply them at work. Employees may be given training in the Training Center from among the following;

- Welding
- Industrial controls for electrical systems
- Programmable logic controls
- Hydraulics and pneumatics
- Machine shop technology for Die and Tool and Maintenance apprentices.
- Safety
- Confined space entry
- Low voltage electrical systems

5. When a new classification or department is established, involving work of any kind which has been performed by the bargaining unit or is related to any jobs, duties or functions of the bargaining unit, the Union will be notified, and, at the request of either party, negotiations will take place promptly as to whether such classification or department properly should be in the included or excluded group. If no agreement is reached, the matter shall be subject to the arbitration procedures of the Agreement.

6. Non-Discrimination Against Union Activities

- 6.1 The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure or employment or any term of condition of employment, attempt to discourage membership in the Union.
- 6.2 The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his/her right to work or in respect to Union activity or membership, and further that there shall be no solicitation of employees for Union membership or dues during working time. The Union further agrees the Company shall take disciplinary action for any violations of this provision.

XXX. ENTIRE AGREEMENT AND WAIVER

1. Entire Agreement And Waiver

This Agreement constitutes the entire Agreement between the parties, except as modified by written side letters to this Agreement and signed by the Company's Vice President, Human Resources and the UAW Vice President. During the negotiations which resulted in this Agreement, each party had the right and opportunity to make demands and proposals on any subject or matter not removed by law from the area of collective bargaining. The understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Furthermore, for the term of this Agreement or any extension thereof, each party waives all statutory rights to bargain collectively over the subject matter of this Agreement.

2. Separability

If the applicable law renders invalid or unenforceable any of the provisions of this Agreement, the Company and the Union may agree upon a replacement for the affected provision(s). Such replacement provision(s)

shall become effective immediately upon agreement of the Parties, without the need for further ratification by the Union membership, and shall remain in effect for the duration of this Agreement. The legal invalidity or unenforceability of provisions of this Agreement shall not affect the remaining provisions thereof.

XXXI. TERM OF AGREEMENT

1. Effective Dates

This Agreement shall be in effect from the 4th day of August, 2001, through 2:00 a.m. on the 6th day of August, 2005, and shall continue in effect from year to year unless either party provides the notice of intent to modify or terminate as set forth in Section 2.

2. Method Of Modification/Termination

In order to modify or terminate this Agreement, the party seeking such modification or termination must give written notice to the other party of its intention to seek modification or termination of this Agreement at least sixty (60) days prior to the date on which this Agreement is due to expire. Failure to provide such timely notice will convert this Agreement into a year to year contract, with said sixty (60) day notice being required before this Agreement can be modified or terminated.

3. Negotiations For A New Agreement

Within ten (10) days after receipt of the notice to seek modification or termination described above, a conference will be arranged to negotiate proposals for a new contract, in which case this Agreement shall continue in full force and effect until terminated. In the event the parties are unable to reach agreement on a new contract before the expiration date of this Agreement then in effect, the parties may mutually agree, in writing, to extend this Agreement for the purpose of maintaining harmonious labor relations, pending the execution of a new agreement.

**New United Motor.
Manufacturing, Inc**

**International Union, United
Automobile, Aerospace and
Agricultural Implement
Workers of America, UAW**

K. Ishii
P. Pineda
R. McCullough
R. Ponsonby
M. Mulleaugue
M. Truax
D. Krack
Y. Nakamura
J. W. Potts
M. Salinas
D. Torosian
D. Johnson
D. Triantafyllos
W. Borton
D. Sturdevant
T. Fisher
J. Armstrong
G. Twisselmann
R. O'Leary
J. Young
S. Imaeda
R. Cooper

N. Gooden
J. Wells
J. Guinan
E. Mays
D. Hirschland
J. Howe

**International Union, United
Automobile, Aerospace and
Agricultural Implement
Workers of America, UAW
Local 2244**

A. Torres
T. Sanchez
L. Garcia
G. Nano III
V. Quesada
W. King Jr.
R. Goff
J. Enos
E. Valdez
R. Grange
P. Rothschild

APPENDIX "A" - LUNCH PERIOD AGREEMENT

It is the intent and purpose of the parties to outline specific terms and conditions of a thirty (30) minute lunch period for all employees presently employed at the Company's Fremont, California plant as follows:

1. The Company shall continue to provide a thirty (30) minute lunch period.
2. The pay for this lunch period has been included within the agreed upon Base Wage Rate in Article XVII of the Labor Agreement.
3. Lunch time will not be treated as "hours worked".
4. Employees will not be required to eat at their work stations.
5. During lunch, employees will not be required to perform any duties.
6. During the paid lunch period, employees will be free to eat lunches and engage in any other conduct consistent with plant rules, but shall be required to stay within the building structure. If the employee leaves the building structure (the patio area is part of the building structure) during lunch, the employee's pay for that day will be reduced by the amount of money (1/2 hour x base rate plus COLA; the base rate calculated without the paid lunch period) that has been included in the agreed upon Base Wage Rate as Paid Lunch. Activities and/or movement in or on other parts of the Company property such as parking lots, shall not be permitted during the lunch period.
7. During the paid break periods, employees will be free to engage in any conduct consistent with plant rules, but shall be required to stay within the building structure. Activities and/or movement in or on other parts of the

Company property such as parking lots, shall not be permitted during the break period.

8. If the applicable law renders invalid or unenforceable any of the provisions of this Agreement, the Company and the Union may agree upon a replacement for the affected provision(s). Such replacement provision(s) shall become effective immediately upon agreement of the Parties, without the need for further ratification by the Union membership, and shall remain in effect for the duration of this Agreement. The legal invalidity or unenforceability of provisions of this Agreement shall not affect the remaining provisions thereof.

APPENDIX "B"

BENEFITS OUTLINE

1. Current Health Care Insurance Plans will remain in effect until September 30, **2001**. The effective **date** of any modifications to **benefits detailed in this Appendix "B"** will be October 1, **2001**. There will be an open enrollment period for such plans during the month of August 2001, and annually thereafter.
2. The Group Insurance Program, Health Care Insurance Program, Retirement Plan, Savings Plan, Reserve Fund Plan, **Legal Plan, and Supplemental Workers' Compensation Plan** are summarized in this Appendix. The interpretation and application of these plans will be in accordance with the provisions for the specific coverage as described in the official plan documents. The following are brief outlines highlighting significant features of each program and are not to be construed as specific terms and conditions of each plan.
3. The Benefits Outline in this Appendix "B" includes the following Plans:
 - a. Group Insurance Program
 1. Life and ADD Insurance
 2. Temporary Disability
 3. Long-Term Disability
 - b. Health Care Insurance Program
 1. Medical Insurance - H.M.O's - Comprehensive
 2. Dental Programs
 3. Vision Program
 4. Mental Health/Substance Abuse Program
 5. Part B Medicare
 6. Retiree Supplemental Health Insurance Plan (SHIP)
 - c. Retirement Plan
 - d. Savings Plan
 - e. Reserve Fund Plan
 - f. Legal Plan
 - g. Supplemental Workers' Compensation Plan

4. Dependent as used in these plans means a) spouse, b) any unmarried child, step-child, or adopted child for whom employee has legal requirement to provide support who is under 19 years of age, c) any unmarried child, step-child, or adopted child for whom employee has a legal requirement to provide support who is under 25 and who is a full time student (12 or more semester units or the equivalent) in an accredited institution, d) over 19 and totally and permanently disabled and incapable of providing self-support, and are currently enrolled in the team member's medical and dental plan, or e) domestic partner (effective 10/1/01 - for purposes of medical, dental and vision programs).
5. Definition of a domestic partner: (a) be the same sex; (b) have filed a Declaration of Domestic Partnership with the Secretary of State in team member's state of residency; (c) have shared a continuous committed relationship for at least six months, intend to do so indefinitely and have no such domestic partner relationship with any other person; (d) reside in the same household; (e) share responsibility for each other's welfare and financial obligations; (f) not be related by blood ties closer than would bar marriage in the state; (g) be over age 18, of legal age and legally competent to enter a contract; (h) reside in a state where marriage between two persons of the same sex is not recognized as valid under law and; (i) not be married to any other person.
6. Dependents for whom the team member has legal custody other than those defined in paragraph 4, are not eligible for coverage under the Company programs. However, existing dependents who are currently covered on Company plans and who are legal wards will be allowed to remain on all such plans until they reach age 19 with the provision

that the team member pay for the monthly cost of providing coverage; such cost to be 25% of the family rate for the team member's selected benefit plans.

7. A dependent may not be covered for optional dependent life insurance by more than one (1) employee. In cases of conflict, the child will be allowed to be covered only by the team member with the greatest seniority.
8. When both husband and wife are employed by the Company, and desire different plans each may select their own medical and/or dental plan; however in no event will an employee be covered under more than one Company paid medical program. Dependents may be covered under either parent's plan, but not both.

A. GROUP INSURANCE PROGRAM

1. LIFE INSURANCE

Type: Term Insurance
Eligibility: First day of the month following one (1) month of service
Employee
Contribution: None
Benefit:

Base Rate (\$)	Life Amount (\$)
<u>16.88</u>	<u>42,000</u>
<u>17.39</u>	<u>43,000</u>
<u>17.91</u>	<u>44,000</u>
<u>18.09</u>	<u>45,000</u>
<u>18.45</u>	<u>46,000</u>
<u>18.63</u>	<u>46,000</u>
<u>19.19</u>	<u>47,000</u>
<u>19.30</u>	<u>48,000</u>
<u>19.77</u>	<u>49,000</u>

<u>19.87</u>	<u>49,000</u>
<u>20.47</u>	<u>51,000</u>
<u>20.50</u>	<u>51,000</u>
<u>21.09</u>	<u>52,000</u>
<u>21.11</u>	<u>52,000</u>
<u>21.71</u>	<u>54,000</u>
<u>21.75</u>	<u>54,000</u>
<u>22.36</u>	<u>55,000</u>
<u>22.41</u>	<u>55,000</u>
<u>22.91</u>	<u>57,000</u>
<u>23.03</u>	<u>57,000</u>
<u>23.60</u>	<u>58,000</u>
<u>23.66</u>	<u>59,000</u>
<u>23.72</u>	<u>59,000</u>
<u>24.12</u>	<u>60,000</u>
<u>24.31</u>	<u>60,000</u>
<u>24.38</u>	<u>60,000</u>
<u>24.84</u>	<u>62,000</u>
<u>25.04</u>	<u>62,000</u>
<u>25.11</u>	<u>62,000</u>
<u>25.59</u>	<u>63,000</u>
<u>25.87</u>	<u>64,000</u>
<u>26.36</u>	<u>65,000</u>
<u>27.84</u>	<u>69,000</u>
<u>28.68</u>	<u>71,000</u>
<u>29.54</u>	<u>73,000</u>
<u>30.43</u>	<u>75,000</u>

Moral Exclusions: No benefit exclusion will apply for deaths due to intentionally self-inflicted injuries.

Accelerated Benefit: The Company will offer an accelerated death benefit payment option for a terminally ill employee who has a life expectancy not to exceed twelve (12) months. Team members would be eligible to receive up to 50% of their benefit early. Beneficiaries would receive the remaining benefits after death.

ACCIDENTAL DEATH & DISMEMBERMENT

Type: Term Insurance
Eligibility: First day of the month following one (1)
month of service
Employee Contribution: None

100% of company provided life amount if accidental death while on company business.

50% if accidental death while not on company business.

Schedule of benefits for loss of limbs, hearing, speech, or sight.

OPTIONAL/SUPPLEMENTAL INSURANCE

Type: Term Insurance
Eligibility: First day of the month following three (3) months of service.
Employee Contribution: This is an optional plan that requires team member contributions to be made through monthly payroll deductions. Team Members on a Leave of Absence can pay the Company directly for their coverage.

Evidence of insurability: A statement of insurability will be required to purchase additional life insurance any time following original eligibility date.

I. \$10,000	VI. \$ 75,000
II. \$20,000	VII. \$100,000
III. \$30,000	VIII. \$125,000
IV. \$40,000	<u>IX. \$150,000</u>
V. \$50,000	

Current monthly rates are available in the Benefits section of the Human Resources department.

RETIREMENT LIFE INSURANCE:

Type: Term Insurance
Eligibility: **\$7,500** Group Insurance coverage will be provided to Team Members retiring on or after 1/1/95 who retired after attaining age 65 with 10 years of service.

DEPENDENT LIFE INSURANCE:

Type: Term Insurance
Eligibility: Team Members are eligible to purchase on the first day of the month following **three (3)** months of service.

Employee

Contribution: This is an optional plan that requires team member contributions to be made through monthly payroll deductions. Team Members on a Leave of Absence can pay the Company directly for their coverage.

Coverage

- Options:
1. \$10,000 Spouse/\$ 5,000 Dependent
 2. **\$15,000 Spouse/\$ 7,500 Dependent**
 3. \$20,000 Spouse/\$10,000 Dependent
 4. **\$25,000 Spouse/\$12,500 Dependent**
 5. \$30,000 Spouse/\$15,000 Dependent
 6. **\$35,000 Spouse/\$17,500 Dependent**

Current monthly rates are available in the Benefits section of the Human Resources Department.

Evidence of Insurability: A statement of insurability will be required to purchase life insurance any time other than original eligibility date.

2. TEMPORARY DISABILITY

Eligibility: First day of the month following six (6) months of service.

Employee
Contribution: None

Benefits Paid: Certified disability due to illness or injury begins on eighth day away from work, and continues until recovery or 52 weeks, whichever is earlier.

Benefit: Level of benefit determined by base hourly rate according to schedule. The benefit amount for any period that a Team Member is otherwise eligible for benefits during any period of disability occurring prior to the day one year of seniority is attained shall be approximately 75% of the benefit amount. Weekly payments will be the difference between amounts from legally required programs, such as State Disability or Social Security, and any eligible pay.

<u>Base Rate</u> <u>(\$'s)</u>	<u>Weekly</u> <u>Benefit (\$'s)</u>	<u>75% Weekly</u> <u>Benefit (\$'s)</u>
<u>16.88</u>	<u>370</u>	<u>280</u>
<u>17.39</u>	<u>380</u>	<u>290</u>
<u>17.91</u>	<u>390</u>	<u>300</u>
<u>18.09</u>	<u>400</u>	<u>300</u>
<u>18.45</u>	<u>410</u>	<u>300</u>
<u>18.63</u>	<u>410</u>	<u>310</u>
<u>19.19</u>	<u>420</u>	<u>320</u>
<u>19.30</u>	<u>420</u>	<u>320</u>
<u>19.77</u>	<u>440</u>	<u>330</u>
<u>19.87</u>	<u>440</u>	<u>330</u>

<u>Base Rate (\$'s)</u>	<u>Weekly Benefit (\$'s)</u>	<u>75% Weekly Benefit (\$'s)</u>
<u>20.47</u>	<u>450</u>	<u>340</u>
<u>20.50</u>	<u>450</u>	<u>340</u>
<u>21.09</u>	<u>460</u>	<u>350</u>
<u>21.11</u>	<u>460</u>	<u>350</u>
<u>21.71</u>	<u>480</u>	<u>360</u>
<u>21.75</u>	<u>480</u>	<u>360</u>
<u>22.36</u>	<u>490</u>	<u>370</u>
<u>22.41</u>	<u>490</u>	<u>370</u>
<u>22.91</u>	<u>500</u>	<u>380</u>
<u>23.03</u>	<u>510</u>	<u>380</u>
<u>23.60</u>	<u>520</u>	<u>390</u>
<u>23.66</u>	<u>520</u>	<u>390</u>
<u>23.72</u>	<u>520</u>	<u>390</u>
<u>24.12</u>	<u>530</u>	<u>400</u>
<u>24.31</u>	<u>530</u>	<u>400</u>
<u>24.38</u>	<u>540</u>	<u>400</u>
<u>24.84</u>	<u>550</u>	<u>410</u>
<u>25.04</u>	<u>550</u>	<u>410</u>
<u>25.11</u>	<u>550</u>	<u>410</u>
<u>25.59</u>	<u>560</u>	<u>420</u>
<u>25.87</u>	<u>570</u>	<u>430</u>
<u>26.36</u>	<u>580</u>	<u>430</u>
<u>27.84</u>	<u>610</u>	<u>460</u>
<u>28.68</u>	<u>630</u>	<u>470</u>
<u>29.54</u>	<u>650</u>	<u>490</u>
<u>30.43</u>	<u>670</u>	<u>500</u>

3. LONG-TERM DISABILITY

Eligibility: First day of the month following six (6) months of service.

Employee

Contribution: None

Employee

Benefits Plan: After 52 consecutive weeks of total disability or after final payment is made under the Temporary Disability, whichever is later.

Benefits Duration: A team member will be considered disabled if they cannot perform any job available within the plant for which they may be eligible.

Disabilities commencing prior to age 60: Benefits are paid while the team member remains totally disabled, up to their length of service, or until their 65th birthday, whichever is earlier.

Disabilities commencing after age 50 for team members with 10 or more years of service will be paid until age 65 or until recovery whichever is earlier. Disabilities commencing on or after the 60th birthday, benefits are paid for fifty-four months, or equal to the seniority prior to the disability or until recovery, whichever is earlier, but not beyond the 70th birthday.

Benefit: Level determined by base hourly rate according to schedule. Weekly payments will be the difference between amounts from legally required programs, such as State Disability or Social Security, and any eligible pay.

At normal retirement age benefits will be reduced by the amount of the normal retirement benefit payable.

<u>Base Rate (\$'s)</u>	<u>Monthly Benefit (\$'s)</u>
<u>16.88</u>	<u>1550</u>
<u>17.39</u>	<u>1590</u>
<u>17.91</u>	<u>1640</u>
<u>18.09</u>	<u>1660</u>
<u>18.45</u>	<u>1690</u>
<u>18.63</u>	<u>1710</u>
<u>19.19</u>	<u>1760</u>
<u>19.30</u>	<u>1770</u>
<u>19.77</u>	<u>1810</u>
<u>19.87</u>	<u>1820</u>
<u>20.47</u>	<u>1880</u>
<u>20.50</u>	<u>1880</u>
<u>21.09</u>	<u>1930</u>
<u>21.11</u>	<u>1940</u>
<u>21.71</u>	<u>1990</u>
<u>21.75</u>	<u>1990</u>
<u>22.36</u>	<u>2050</u>
<u>22.41</u>	<u>2050</u>
<u>22.91</u>	<u>2100</u>
<u>23.03</u>	<u>2110</u>
<u>23.60</u>	<u>2160</u>
<u>23.66</u>	<u>2170</u>
<u>23.72</u>	<u>2180</u>
<u>24.12</u>	<u>2210</u>
<u>24.31</u>	<u>2230</u>
<u>24.38</u>	<u>2230</u>
<u>24.84</u>	<u>2280</u>
<u>25.04</u>	<u>2300</u>
<u>25.11</u>	<u>2300</u>
<u>25.59</u>	<u>2350</u>
<u>25.87</u>	<u>2370</u>
<u>26.36</u>	<u>2420</u>
<u>27.84</u>	<u>2550</u>

Base Rate (\$'s)	Monthly Benefit (\$'s)
28.68	2630
29.54	2710
30.43	2790

B. HEALTH CARE INSURANCE PROGRAM

1. MEDICAL INSURANCE

Eligibility

Team members hired before 8/4/01: Eligible on the first day of the month following four (4) months of service. Team members will be given the choice of at least two HMO medical plans and must remain in the selected HMO until the first open enrollment period following eighteen (18) months of coverage.

Team members hired on or after 8/4/01: Eligible on the first day of the month following seven (7) months of service. Team members will be given the choice of at least two HMO medical plans and must remain in the selected HMO until the first open enrollment period following forty-two (42) months of coverage.

After completion of the applicable HMO participation requirement, either 18 or 42 months, as applicable, such team members may enroll in any available health care option during the next open enrollment period.

Special consideration will be made for team members with extenuating circumstances. All plans do not apply any pre-existing condition rules to members before paying benefits.

HEALTH MAINTENANCE ORGANIZATIONS

	HEALTH NET	KAISER
General:	Open panel HMO; services must be prescribed and administered by private physicians participating in the program.	A closed practice HMO. Services must be rendered at a Kaiser facility by a Kaiser physician.
Annual Deductible:	No cost	No cost
OUTPATIENT SERVICES:		
♦ Office Visits:	<u>Plan pays after a \$10.00 co-pay</u>	<u>Plan pays after a \$10.00 co-pay</u>
❖ Surgery	No <u>additional</u> cost	No <u>additional</u> cost
❖ Physical Therapy	No <u>additional</u> cost	No <u>additional</u> cost for up to 2 months
❖ Diagnostic X-Ray & Lab	No <u>additional</u> cost	No <u>additional</u> cost
❖ Well Baby Care	No <u>additional</u> cost	No <u>additional</u> cost
❖ Pre-School Immunization	No <u>additional</u> cost	No <u>additional</u> cost
❖ Annual Pap Smears	No <u>additional</u> cost	No <u>additional</u> cost
❖ Hearing Exam	No <u>additional</u> cost	No <u>additional</u> cost
♦ Durable Medical Equipment	No cost	No cost
♦ <u>Hearing Device</u>	No cost for one device every 36 months	

HEALTH MAINTENANCE ORGANIZATIONS		
	HEALTH NET	KAISER
HOSPITAL SERVICES:		
◆ Semi-Private Room	No cost	No cost
◆ Surgery	No cost	No cost
◆ Doctor Visits in Hospital	No cost	No cost
◆ Maternity	No cost	No cost
EXTENDED CARE:		
◆ Skilled Nursing Facility	No cost up to <u>100 days per year if 24-hour care necessary</u>	No cost up to 100 days per year if 24-hr care necessary
EMERGENCY:		
◆ In Area	No cost if admitted	No cost
◆ Out of Area	No cost if admitted	No cost: emergency services only, until condition permits transfer to the nearest Kaiser facility.
◆ Ambulance	No cost if medically necessary	No cost if medically necessary
PRESCRIPTIONS:		
◆ Prescriptions	Plan pays after a \$5 Rx co-pay for up to a 34 day supply	Plan pays after a \$5 Rx co-pay for up to a 34 day supply

HEALTH MAINTENANCE ORGANIZATIONS

	HEALTH NET	KAISER
♦ Mail Order Prescriptions	Plan pays after a \$5 Rx co-pay for up to a 90 day supply (maintenance drugs)	Plan pays after a \$5 Rx co-pay for up to a 34 day supply
Brand Name:	Brand name drugs are covered in full after plan co-pay, if doctor states it is medically necessary.	
♦ Mental Health	Covered under stand-alone program (see B.4)	

BLUE SHIELD COMPREHENSIVE PLAN:

	P.P.O.	NON P.P.O.
General:	A comprehensive plan. Employee may choose any physician. The amount of your benefit varies depending upon whether services are performed by a member of the Preferred Provider Organization (PPO) or a non-member physician. Second surgical opinion and pre-hospital admission review may be required. Benefit reductions will occur if these procedures are not followed. This plan does not apply any pre-existing condition rules to members before paying benefits.	
Benefit:	When services are provided by a preferred provider, the benefit is:	When services are provided by a non-preferred provider, the benefit is:
Employee Co-Payment For Premium	No cost	No cost

Annual Deductible:	No cost	\$150 per person; \$450 maximum per family
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OUTPATIENT SERVICES:

♦ Office Visits	Plan pays 80% of R&C after a \$10.00 co-pay	Plan pays 80% of R&C after a \$10.00 co-pay
♦ Surgery	100% of reasonable and customary charges (R&C)	80% of reasonable and customary charges (R&C)
♦ Physical Therapy	100% of R&C (Restricted to 60 treatments per year)	80% of R&C (Restricted to 60 treatments per year.)
♦ Diagnostic X-Ray & Lab	100% of R&C	80% of R&C
♦ Chiropractic Services	Limited to an annual maximum of 15 visits at a maximum of \$40 each.	

PREVENTIVE & DIAGNOSTIC:

♦ Preventive care to 16 years	Plan pays 100% of R&C after a \$10.00 office visit copay for up to age 16 under guidelines of pediatric healthcare	Plan pays 80% of R&C after a \$10.00 office visit copay for up to age 16 under guidelines of pediatric healthcare
♦ Annual Pap Smear/ Exams	100% of R&C	80% of R&C

♦ Hearing Exam and Device	100% of R&C Two every 36 months up to a maximum of \$500	80% of R&C Two every 36 months up to a maximum of \$500
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HOSPICE: Hospice care will be provided if a member has been diagnosed as having a terminal illness with life expectancy of six months or less.

HOSPITAL SERVICES:
(limited to 365 days per confinement)

♦ Semi Private Room	100% of R&C	80% of R&C Non-emergency services to maximum of \$600 per day
♦ Surgery	100% of R&C (See General Description)	80% of R&C (See General Description)
♦ Doctor Visits in Hospital	100% of R&C	80% of R&C
♦ Maternity	100% of R&C	80% of R&C

EXTENDED CARE:

♦ Skilled Nursing Facility	100% of R&C up to 730 days per confinement	80% of R&C up to 730 days per confinement
♦ Home Health Care	100% of R&C up to \$30,000 annual maximum	80% of R&C up to \$30,000 annual maximum

EMERGENCY:

♦ In Area	100% of R&C	80% of R&C
♦ Out of Area	100% of R&C	80% of R&C
♦ Ambulance	100% of R&C if <u>medically</u> <u>necessary</u>	100% of R&C if <u>medically</u> <u>necessary</u>

PRESCRIPTIONS:

♦ Prescription	Plan pays after a \$5 Rx co-pay generic, \$10 Rx brand name for up to a 34 day supply	Plan pays 75% of R&C after a \$5 Rx co-pay generic, \$10 Rx co-pay brand name for up to a 34 day supply
♦ Mail order Prescriptions	Plan pays a \$5 Rx co-pay generic, \$10 Rx co-pay brand name for up to a 90 day supply or 100 tablets whichever is greater.	<u>Not available</u>

MENTAL HEALTH CARE:

♦ <u>Mental Health</u>	Covered under stand-alone program (see B.4)	Covered under stand-alone program (see B.4)
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CLARIFICATIONS:

♦ Pancreas transplants are a covered benefit when done in conjunction with a kidney transplant.
♦ Mammography screening guidelines will be per American Cancer guidelines.

2. DENTAL PROGRAMS

Eligibility: For team members hired before 8/4/01, first day of the month following six (6) months of service. Team members hired on or after 8/4/01 are eligible on the first day of the month following seven (7) months of service. Team members must enroll in Delta Care until the first open enrollment period following six (6) months of coverage. At that time, all options will be available.

* DELTA CARE	
Service is provided by dentist in designated network of providers. Cost of services will be paid only if provided by dentist in network and in accordance with schedule below.	
Annual Deductible	No deductible
Maximum Benefit:	No maximum
Diagnostic & Preventive⁽¹⁾	No cost
Basic	No cost
Crowns, bridges and dentures	Per fee schedule
Orthodontics (Adults & Children)	Team Member pays \$1,250 plus start up fees

(1) Diagnostic and preventative procedures are services such as oral examinations, x-rays, prophylaxis (cleaning, fluoride treatment).

- i) Prophylaxis (cleaning) covered to a maximum of two times per year if documented periodontal disease exists**
- ii) Bitewing x-rays are limited to two times per year unless medically necessary**
- iii) Full mouth x-rays allowed once every two years unless medically necessary**

DELTA PREFERRED

The amount of benefit varies depending upon whether services are performed by a member of the Dental Provider Organization (DPO) or a non-member dentist.

	Preferred Provider	Non-Preferred Provider
Annual Deductible	No deductible	No deductible
Diagnostic & Preventive⁽²⁾	100%	100%
Basic	80/20%	80/20%
Crowns and cast restorations	80/20%	80/20%
Prosthodontics	50/50%	50/50%
Orthodontics (Adults & Children)	50/50%	50/50%
Calendar year maximum	\$1,500	\$1,400
Orthodontic lifetime maximum	\$1,700	\$1,700
Accidental Injury additional lifetime maximum	\$1,000	\$1,000
Cosmetic Bonding for Children (8-19)	90% of reasonable & customary (R&C) for the cosmetic bonding of eight front teeth for children if required because of severe tetracycline staining, severe fluorosis, hereditary opalescent dentin or amelogenesis imperfecta. To be paid not more than one in any three (3) consecutive calendar years.	

(2) Diagnostic and preventative procedures are services such as oral examinations, x-rays, prophylaxis (cleaning, fluoride treatment).

- i) Prophylaxis (cleaning) covered to a maximum of three times per year if documented periodontal disease exists**
- ii) Bitewing x-rays allowed once per year unless medically necessary**
- iii) Full mouth x-rays allowed once every five years unless medically necessary**

3. VISION PROGRAM

Eligibility: First day of the month following **seven (7)** months of service.

General Description: The Plan is designed to cover basic visual needs. The program utilizes panel doctors for greatest benefit coverage. If non panel members are used, benefits may be less than stated.

Premium: No cost to the employee.

Deductible: \$15 deductible (includes exam, lens, frame package)

Examination: Once every 12 months from last date of service.

Lenses: One set every 24 months from last date of service unless required due to allowable prescription change, in which case every 12 months.

Frames: One pair every 24 months from last date of service.

Additional: Modest charges for blended lenses, non-prescribed contact lenses, oversize lenses, photo chromic lenses, some tinted lenses, progressive multi-focal lenses, lens coating or laminating, and

frames costing greater than plan allowance.

4. MENTAL HEALTH-SUBSTANCE ABUSE PROGRAM

Eligibility: First day of the month following four (4) months of service for team members hired before 8/4/01. Team members hired on or after 8/4/01 are eligible on the first day of the month following seven (7) months of service.

General Description: A stand-alone Mental Health-Substance Abuse Program will be available to all team members and their eligible dependents regardless of carrier selected for primary medical coverage.

BENEFITS:	Network Providers	Non-Network Providers
(INPATIENT)		
♦ Mental Health	100% (45 days max. per episode)	\$450 co-pay per admission 50% UCR* (45 days max. per episode)
*UCR - Usual and Customary Rate		

BENEFITS:	Network Providers	Non-Network Providers
♦ Substance Abuse	100% If not completed: No co-pay for 1st course of treatment not completed. \$750 co-pay for any subsequent course of treatment not completed. (45 days max. per episode)	\$450 co-pay per admit 50% UCR If not completed: No additional co-pay for 1st course of treatment not completed. \$750 additional co-pay for any subsequent course of treatment not completed. (45 days max. per episode)
(OUTPATIENT)		
♦ Mental Health	Visits 1-20 100%; Visits 21-52 \$10 co-pay	\$150 annual deductible 50% UCR
♦ Substance Abuse	100% 50% if not completed	\$150 annual deductible; 70% UCR. If not completed: No additional co-pay for 1st course of treatment not completed. \$750 additional co-pay for any subsequent course of treatment not completed.
♦ Day or Night Care	100% if completed 50% if not completed (90 day limit per episode)	50% UCR If not completed: No additional co-pay for 1st course of treatment not completed. \$750 additional co-pay for any subsequent course of treatment not completed. (90 day limit per episode)

BENEFITS:	Network Providers	Non-Network Providers
♦ Psychological Testing	Covered as a MH visit	Covered as a MH visit
MAXIMUMS ALLOWED:		
♦ Lifetime	100 day inpatient care for mental health and substance abuse combined.	Combined with In-Network. 100 day inpatient care for mental health and substance abuse combined.

5. PART "B" MEDICARE

Company will pay the Part B Medicare Premium cost for retirees (retired at age 65 years or over with 10 years of service), and for employees on total and permanent disability (until loss of seniority pursuant to Article XI of the Collective Bargaining Agreement), per the schedule shown below. Effective 10/1/98, the Company will also pay Part "B" Medicare premiums for early retirees that retire after attaining age 62 with 10 years of service and those retirees that participated in the "Special Early Retirement Window," held in 1999 once they turn 65.

The Company will pay Part "B" Medicare premiums for Team Members/retirees that participate in the "Early Retirement Window 2002" once they turn 65.

The Company will only provide reimbursement for Medicare Part B if it is not provided through any other employer.

Team Members/Retirees must request reimbursement from the Company Benefits Department in writing. If a Team Member/Retiree

fails to make a reimbursement request in a timely manner, the maximum retroactive reimbursement will be (3) months Part B premium.

The lesser of the amount
required by law, or:
\$63.60

Eff. Dates

8/4/01 - 8/6/05

6. RETIREE SUPPLEMENTAL HEALTH INSURANCE PLAN (S.H.I.P.)

➤ Effective Date: Restated Effective August 1, 1998

➤ Eligibility: Team Members: Retired on or after 1/1/95 but prior to 8/1/98 at age 65 or over with 10 years seniority at retirement and their spouses or surviving spouse. Retired on or after 8/1/98 at age 62 or over with 10 years seniority at retirement ("Eligible Retirees") and his/her spouse or surviving spouse.

Refer also to the Early Retirement Window 2002 options for additional eligibility rules for retiree health insurance coverage.

➤ Company Contributions: From 8/4/01 through 8/6/04, the Company will not be required to make contributions towards the Retiree Supplemental Health Insurance Plan (S.H.I.P.). From 8/13/04 through 8/6/05, the Company will make a contribution of 1.65% of "Qualified Earnings" (as defined below).

Qualified Earnings are defined as income received from the following:

- Straight Time Hourly Base Wages
- Straight Time COLA
- Straight Time Shift Premium
- Straight Time Team Leader Premium
- Overtime Premium for Overtime Hours
- Vacation (including PAA)
- Holiday Pay
- Bereavement Pay
- Jury Duty Pay
- Call In Pay
- Short Term Military Duty Pay
- Back pay awards related to the designated eligibility year

Administration: **The Company's** Plan Administrator and Joint Committee (3 NUMMI, 3 UAW; W. J. Usery resolves disputes)

Benefits: The Plan Fund will pay for:

- The Kaiser Senior Advantage Medicare Risk Plan ("Base Plan") with benefit levels substantially equivalent to **the Company's** existing Kaiser HMO Plan for actives; or
- An alternate supplemental Medicare Insurance Plan to a maximum reimbursement of 125% of the Base Plan ("Alternate Plan");
- **The Company** will offer at least 2 additional Alternate HMO Medicare Risk Plan options (to include Health Net).
- If a person covered under this program resides outside of the service area covered under the Base Plan or **the Company's** Group Supplemental Plans, **the Company** will provide payment for another alternate plan selected by the insured person, not to exceed 125% of the cost of the Base Plan.

COVERAGE OPTIONS

	BASE PLAN	ALTERNATE PLAN 125% OF BASE PLAN	ACTIVE PLAN
Retiree	X	X	
Spouse 65 or over	X	X (same HMO as retiree)	
Spouse 60-64		X (same HMO as retiree)	X (same HMO as retiree)
Spouse under 60		X (same HMO as retiree)	
Surviving spouse 65 or over	X	X	
Surviving spouse 60-64		X	X
Surviving spouse under 60		X	

- Coverage for Surviving Spouses will cease upon their remarriage.
- No dual coverage will be allowed under the Company's plans for employee/retiree(s) who both work(ed) at NUMMI.

LIMITATIONS:

- If Plan assets are not adequate to provide full payment of benefits, the Plan Committee will implement mutually satisfactory measures to ensure continuation of benefits.
- If comparable health coverage is provided by General Motors Corporation, Ford Motor Corporation, or any

other employer to the retiree or spouse as subscriber, that individual will not be eligible for benefits under this Plan.

- In the event a State or National Health Care Plan is enacted, the Company and Union will meet to agree upon the disposition of this Trust Fund.

c. **RETIREMENT PLAN**

Effective

Date: January 1, 1989

Eligibility: First day of the month following six (6) months of service.

Employee

Contributions: None

Company

Contributions: Prior to 10/1/01, the Company contributed the actuarial equivalent of .9375% of year's pay plus .9375% in excess of one-half of the Social Security wage base to an employee's account. Contributions ranged from about 1.7% of pay at age 25 to 7% of pay or more at age 64. The Company will amend the retirement plan to provide that effective 10/1/01 the Company's sole obligation will be to meet the minimum funding requirements under ERISA.

Vesting: 100% vested after five (5) years of service.

Investments: Employee's account credited with long term treasury bond rate with minimum 4% interest guaranteed.

**Benefit
Payments:**

Employee has option of single life annuity, joint and 50% survivor annuity, joint and 100% survivor annuity pay-out methods.

**Other
Benefits:**

Annuity based on value of account payable to spouse on employee's death; lump sum to children or other beneficiary if no spouse. **Prior to 10/1/01, early retirement benefits shall be calculated with a reduction of 5% for each year benefits commence earlier than age 65. The Company will amend the retirement plan effective 10/1/01 to provide that any retirement benefit payable under the retirement plan will be unreduced for retirement at age 62 or later and will be reduced from age 62 for retirement earlier than age 62 in accordance with the schedule in the retirement plan.**

Benefits:

The pension benefit will be **determined** as shown below:

**Basic Benefit Rate Per Year of Credited Service for Months
Commencing:**

<u>8/4/01 to 9/30/01</u>	<u>\$40.00</u>
<u>10/1/01 to 9/30/02</u>	<u>\$43.25</u>
<u>10/1/02 to 9/30/03</u>	<u>\$45.25</u>
<u>10/1/03 and after</u>	<u>\$47.45</u>

(The above benefits may be subject to reductions under the retirement plan.)

For purposes of calculating this benefit allow credit for partial years of service in the final year worked at the rate of 1/12 of one year per month worked. The Company will amend the retirement plan to provide that effective 10/1/01: (1) this benefit may be paid out as a lump sum at the option of the Team Member, (2) the percentage of pay formula will be discontinued and accruals under this formula will cease and the benefit amount will not grow. No provision will act to reduce the Team Member's accrued benefit as of that date.

LUMP SUM PAYMENTS:

A lump sum payment will be made to existing retirees (as of 10/1/01) per the table below:

DATE	RETIREE	SURVIVING SPOUSE
February <u>2002</u>	<u>\$550</u>	<u>\$330</u>
February <u>2003</u>	<u>\$550</u>	<u>\$330</u>
February <u>2004</u>	<u>\$550</u>	<u>\$330</u>
February <u>2005</u>	<u>\$550</u>	<u>\$330</u>

Appeals Procedure for the Retirement (Pension) Plan: The last level of the appeals procedure under the Hourly Defined Benefit Plan will be a joint committee with equal representation from the United Auto Workers and the Company with provisions for an impartial chairman to resolve disputes if necessary.

EARLY RETIREMENT WINDOW 2002:

The Company will modify the provisions of the retirement plan to provide for a one-time-only window for applications from employees for early unreduced retirement benefits.

The **retirement** plan will be modified to provide that any employee who attains age 57 on or before February 28, **2002** who has ten (10) or more years of vested service may submit an application, on or after **February 1, 2002** and on or before **February 28, 2002**, for early unreduced normal retirement benefits. The employee's actual date of retirement must be **no earlier than June 3, 2002** and no later than **August 30, 2002**.

Upon retirement pursuant to the early retirement window, the retiree will be given the option of selecting health care coverage from among the then current Company HMO plans, the premiums for which will be paid for from the SHIP Plan until the retiree reaches age 65. In the event the retiree dies before age 65 the provisions of the SHIP Plan will be applicable to the payment of premiums for the retiree's surviving spouse, if any. When the retiree attains age 65, the retiree will receive benefits under the then current post-retirement medical plan in accordance with the plan's provisions.

From retirement under the window until the retiree attains age 65, dental, vision and life insurance premiums will be paid for the retiree by the **SHIP Plan** in the same amount as though the retiree was an active employee covered by the collective bargaining agreement.

The Company will support, through its trustees, modifications to the SHIP Plan to conform with these commitments.

d. **SAVINGS PLAN**

Eligibility: Eligibility is the first day of the month following three (3) months of service.

Employee

Contribution: Up to **limits as specified in IRS 401(k) regulations** of qualified earnings (base, overtime, and premiums, PIPS and uniformly accrued lump sum payments).

Company

Contribution: **Prior to 10/1/01**, NUMMI will make a contribution based on the schedule below applied to up to 6% of the first forty (40) hours worked each week at the straight time base pay rate plus any Lump Sum Payment

**FOR EACH ELIGIBLE \$1 CONTRIBUTED,
THE COMPANY WILL CONTRIBUTE:**

MONTHS OF PARTICIPATION	LEVEL 1 ATTENDANCE COMPANY MATCH	LEVEL 2 OR LEVEL 3 ATTENDANCE COMPANY MATCH
♦ Thru 12 months	\$.10	\$.20
♦ 12 thru 24 months	\$.15	\$.30
♦ 25 thru 60 months	\$.20	\$.40
♦ 61 months & over	\$.20	\$.60

Employee contributions over 6% are not eligible for company contributions.

***Level 2 Attendance**

The attendance is considered "Level 2" if the employee has not missed work more than ten (10) days in the previous twelve (12) months or six (6) days in the previous six (6) months. Vacations, holidays, jury duty, bereavement leave, military leave, FMLA and CFRA leave, pregnancy disability leave under California law, and union activity leave are not counted as absences for this purpose.

Effective 10/1/01, the Savings Plan will provide that the Company will make a contribution based on the schedule below applied to up to 6% of the first forty (40) hours worked each week at the straight time base pay rate plus any Lump Sum Payment. Employee contributions over 6% are not eligible for company contributions.

**FOR EACH ELIGIBLE \$1 CONTRIBUTED,
THE COMPANY WILL CONTRIBUTE:**

<u>MONTHS OF PARTICIPATION</u>	<u>COMPANY MATCH</u>
<u>♦ Thru 12 months</u>	<u>\$.20</u>
<u>♦ 12 thru 24 months</u>	<u>\$.30</u>
<u>♦ 25 thru 60 months</u>	<u>\$.40</u>
<u>♦ 61 months & over</u>	<u>\$.60</u>

Vesting: Employee contributions are always fully vested. Company contributions are 100% vested at five (5) years.

Full vesting also occurs upon approved retirement from active service, total disability, death, or plan termination.

Investment Options: Employee directs investment of all monies in 10% increments into the available range of investment options.

Changes: Team members can make weekly changes to their 401(k) contribution level.

Withdrawal: Only hardship withdrawals are permitted under 401(k) Plan.

TIMING FOR CHANGES TO PARTICIPANT ELECTIONS:

	Effective 1-1-95
Contribution Rate	Weekly
Investment Changes	Daily
Reallocations	Daily

Rollovers: Rollovers from other qualified 401(k) plans will be permitted effective 1/1/92.

Loans: Loans are available from the account within IRS 401(k) borrowing guidelines.

e. RESERVE FUND PLAN

Eligibility: First day of the month following twelve (12) months of service.

Employee

Contribution: None

Company

Contribution: \$0.10 per hour up to 40 hours per week. Employee receives retroactive contribution for hours worked after completion of evaluation period.

Vesting: Always fully vested.

Payment

of Benefits: If necessary, plan pays employee the greater of \$25 per week or an amount up to 70% of pay when added to any other unemployment aid.

Full payment also made upon separation from service. No benefits paid as a result of work stoppage or disciplinary action.

f. LEGAL PLAN:

Eligibility: First day of the month following twelve (12) months of service.

Funding: The plan will be funded by the Company at the rate of \$.07/hour worked. Additionally, in the event additional funding is required to pay benefits, the Company will fund up to \$.09/hour worked. The plan will be managed by a Company Plan Administrator and Joint Committee (3 NUMMI, 3 UAW; W. J. Usery resolves disputes).

g. SUPPLEMENTAL WORKERS' COMPENSATION PLAN:

Eligibility: Any team member suffering an industrial injury—who would otherwise be eligible for TDI benefits.

Benefit Level: The Company will supplement the Statutory Workers' Compensation Benefit Level up to the Temporary Disability Insurance Level for the injured team member.

Benefit Time Limits: Benefits commence after the applicable statutory waiting period.

Benefits cease at the end of the Workers' Compensation Disability Period, but in any event not to exceed 52 weeks.

A team member will start a new 52 week entitlement to Workers Compensation Supplement if such team member is placed back on disability for the same injury after having returned to work continuously for six (6) full weeks.

APPENDIX "C" STANDARDIZED WORK

1. Planning (Designing)

A. Elements to be considered:

- * Past data (actual required time on each operation).
- * Required time for each factor of operation; not factor of movement. For instance, a clamping bolt needs two (2) seconds.
- * Target time established by Production Control.
- * Conditions of equipment, tools, layout of parts and other technical information provided by engineering Staff.

B. Activities:

- * Team Leaders and Group Leaders discuss and develop each suggested standardized work.
- * The Manager approves the suggested standardized work.
- * Engineering Staff advises Group Leader and Team of technical matters and provides them with necessary engineering information.

2. Try-out and Check

A. Time study on pilot vehicle:

- * Group Leader and Team Leader evaluate each suggested standardized work by having a Team Leader who does not always work on the actual operation, try it out. This evaluation should accumulate actual time data on each factor of an operation.

B. Amendment and KAIZEN:

- * Standardized Work is changed through a time data evaluation by the Team Leader and Group Leader. KAIZEN is performed to reduce required time for accomplishment of the target.

¹ "all employees" as used in the Appendix "C" means bargaining unit and non-bargaining unit employees.

3. Pilot Assembling and Training

- * To find out the difficulty and easiness on each standardized work through repeated training, employees will assemble and disassemble pilot vehicle on a pilot line.
- * All employees do KAIZEN to achieve the target.

4. Commencement of Mass Production

- A. If employees find difficulties in doing actual work at a specified work pace, they are expected to pull the cord or push the button to sound the alarm and ultimately stop the line, alerting a Team/Group Leader of the problem.
 - B. All employees do KAIZEN (repeated as required) to attempt to achieve target. If necessary, training will be provided to employees and work assignment will be adjusted.
 - C. As a result of KAIZEN by all employees or reassignment of work, standardized work will be approved by the Manager and changed.
- ### **5. Repeating Above Process**
- * New problems are resolved through the same process mentioned in #4 above.

APPENDIX "D"

TEAM LEADER SELECTION PROCEDURE

OBJECTIVES

In accordance with Article XVI, the parties seek to attract, retain and motivate individuals who contribute to the mutual growth and success of the total team.

The Objectives of the parties are:

- Identify the most capable individuals for Team Leader positions within the Company.
- Establish a fair, objective and equitable selection procedure utilizing the principles of experience, ability and capacity to perform the Team Leader position.
- Provide growth opportunities for Team Members and to assist them in developing to their full potential.
- Establish a Joint Selection Committee composed of equal numbers of Company and Union representatives as agreed by the Chairman of the Bargaining Committee and Managers of Team Member Relations and Human Resources.
- Identify Team Leader opportunities both current and anticipated and the proper communication of the information to interested and qualified employees.
- Identify Team Members' interest and qualifications for promotional job opportunities.
- Coordination of the above and selection of the most capable individual(s) for the position(s) by the Joint Committee.

PROCEDURE

Team Leader vacancies will be filled on an as needed basis from among those Employees who have expressed interest in the position in the Group where the opening exists. Once selected, Team Leaders will be placed in the group on a shift in accordance with his/her seniority.

POSTING

Team Leader positions become vacant by promotion, transfer, termination, etc. of incumbent Team Leaders. Before the vacancy can be declared an "opening", the Company shall do the following:

- (i) Assess overall manpower requirements within the organization; and
- (ii) Explore feasibility of kaizen (e.g., balancing, modification, reassignment of existing Team Leaders within the group, etc.)

When the above steps are completed, the Company will determine whether the vacant position should be filled. If so, the vacancy will be declared to be an "opening", and will be posted within the group where the vacancy occurred. Once an "opening" has been posted, the "opening" will not be cancelled unless mutually agreed upon by the Company and the Union.

Notice of Team Leader openings will be posted on the Company's Bulletin Boards and in the appropriate Team Room for a period of at least ten (10) working days. The Job Posting Notice shall include the following information:

- Number of Openings
- Group
- Date and Time of Closing

- Necessary skills required for the position
- Place to file application

Employees with three (3) attendance rule violations within one year prior to the posting are not eligible to apply.

Employees not filing an application within the specific number of days after the notice is posted shall forfeit any claim to the position.

SCOPE

Consideration shall be given first to Employees assigned to the "Group" on either shift who have completed the initial Ninety (90) Day Evaluation Period, who receive an acceptable rating on the "Leadership Skills evaluation" and who score 50 or more points in the evaluation procedure.

If the position is not filled from within the "Group", then Employees from within the "Section" will be given an opportunity to file an application for the position based on their overall general ability and competency to do the job, an acceptable rating on the "Leadership Skills evaluation" and a score 50 or more points in the evaluation procedure.

SELECTION

Applicants for promotion to posted Team Leader vacancies shall be reviewed by the Joint Committee for approval or disapproval. Selection shall be based on the overall Team Leader Qualifications utilizing a Point Factor System a minimum of 50 points are required to be considered.

Where two or more leading candidates are considered equally capable, the employee with the greater seniority will be selected.

EVALUATION PROCEDURE / CRITERIA FOR TEAM LEADER SELECTION

I. HANDS-ON JOB EVALUATION: 25 POINTS

- Hands-on Job Evaluation is used for evaluating the ability/ capacity to perform the jobs of the team.
- All eligible "on-line" applicants are required to demonstrate their capacity to perform their primary and secondary jobs in their teams.
- "On-line" Employees may select the Primary Job and the Secondary Job (optional) upon which their Hands-on Evaluation will be based. The selected job(s) must be in the group that has the Team Leader opening.
- Division II and "off-line" Employees will be administered a test developed by a joint Union/Management Team from the group with the opening with the approval of the Joint Selection Committee.

Evaluation points are as follows:

- The job can be completed in accordance with the Standardized Work Procedure.
- The job can be completed in accordance with the safety Rules and Regulations.
- The result of work is evaluated in terms of:
 - Quality
 - Productivity
 - Stability/secureness

A. Job Performance 16 Points

Points

9 (primary) or 7 (secondary)	Excellent
5 (primary) or 4 (secondary)	Good
0 (primary) or 0 (secondary)	Poor

**EVALUATION CRITERIA IS IN ACCORDANCE WITH
STANDARDIZED WORK**

B. Safety Rules / Regulations 3 Points

Points

- 3 Both Primary and Secondary jobs completed in accordance with Safety Rules and Regulations
- 2 Primary job only completed in accordance with Safety Rules and Regulations.
- 1 Secondary job only completed in accordance with Safety Rules and Regulations.
- 0 Neither Primary nor Secondary job completed in accordance with Safety Rules and Regulations

C. Quality of the Job 3 Points

Points

- 3 No quality concerns with Primary and Secondary Jobs
- 2 No quality concerns with Primary Job only.
- 1 No quality concerns with Secondary Job only.
- 0 Quality concerns with both Primary and Secondary Jobs.

D. Productivity / Security of the Job 3 Points

Points

- 3 Consistency of performance demonstrated on both Primary and Secondary Jobs.
- 2 Consistency of performance demonstrated on Primary Job only.
- 1 Consistency of performance demonstrated on Secondary Job only.
- 0 Consistency of performance demonstrated on neither Primary nor Secondary Jobs.

II. RECORD EVALUATION**46 Points****(1) Job Experience 8 Points****(A) NUMMI & Auto Industry Experience
(Max. 4 Points)**

Points	NUMMI Experience	Other Auto or Related Industry Experience
1	1 - 2 years	1 - 5 years
2	2 - 3 years	5 - 10 years
3	3 - 4 years	10 - 15 years
4	4 + years	15 + years

In determining job experience, both NUMMI and other Auto related experience will be combined, not to exceed a total of four (4) points.

**B. Experience Within the Same Section
(Max. 4 points)**

Points	Group Experience	Section Experience
1	1 - 2 years	2 - 3 years
2	2 - 3 years	3 - 4 years
3	3 - 4 years	4 - 5 years
4	4 + years	5 + years

Only one (1) box can be used in determining points.

(2) Attitude and Behavior 33 Points

- (A) Attendance 23 points
 Attendance Record Evaluation for 12-month period
 (First year) preceding the date the opening was posted.

Points	Attendance record
20	Level 3 Attendance
11	Level 2 Attendance
1	Level 1 Attendance

Additional Points for previous years. Consecutive
 (periods of) **Level 3** Attendance.

Points

- 2 2 Consecutive Years **Level 3** Attendance
- 3 2 Consecutive Years **Level 3** Attendance

- B. Behavior 10 points

NUMMI Disciplinary Record can be used for the
 purpose of this Behavior Evaluation for 12 month
 period preceding the date of posting.

Points Disciplinary Record

+10 No Disciplinary Record

-10 Any Written Corrective Notice

- (3) Suggestions 5 points

The Suggestion Record for the last one- year period
 preceding the date of posting can be used for this
 evaluation.

Points	# of Suggestions Adopted
5	6 or more
3	3 - 5
1	1 - 2

III. INTERVIEW / DISCUSSION

10 Points

A joint Union / Management Team will conduct interviews addressing the following topics:

(1) Job Assignment

2.5 points

A case study for Job Assignment Problem Situations is given to applicants.

They are asked what you should do and settle if you were Team Leader of the Team.

At least 2 or 3 scenarios should be prepared with the cooperation of Production Managers / Assistant

Managers or Group Leaders and Joint Selection Committee.

Applicants are asked "What is the Role of Team Leader in terms of Job Assignment?"

This evaluation can be done in an individual interview or group discussion evaluation.

(2) People Handling

2.5 points

Applicants are asked to discuss the following agendas:

What should Team Leader do to motivate Team Members?

To foster Mutual Trust and Respect?

To have strong leadership?

To have better communication?

The case for the above people-handling are given and applicants are asked to discuss what we have to do to settle the problems.

(3) Job Knowledge

2.5 points

Applicants are asked key concept and points of the following in an interview:

What is the most important / necessary knowledge to perform the expected assigned line work?

NUMMI Production System

Standardized Work

Kaizen Concept

Safety Rules and Regulations

Problem Solving

Necessary questions and model answers are prepared for Interviewers.

(4) Attitude and Behavior 2.5 points

Applicants are asked these questions in an interview:

If you are promoted to Team Leader, what would you like to do in your daily Team Leader's job?

If you are promoted to Team Leader, what do you think you have to do first to improve your Team?

If you are promoted to Team Leader, what things do you think you should pay the most attention to?

IV. TRAINING RECORD 17 points

(1) People Handling Courses:

Motivation

Mutual Trust & Respect

Leadership

How to Instruct

Communication

(2) Job Experience/Knowledge Courses:

If a Team Leader voluntarily breaks down to Employee, he/she must wait one year before becoming eligible to apply for a new Team Leader opening.

This provision does not apply when the breakdown occurs as a result of a voluntary transfer by the employee to another Group or Section.

VOLUNTARY PARTICIPATION

Participation in the Team Leader Selection Program is entirely voluntary. Time spent in Pre-Training, Testing, and Joint Interview will be on the candidate's own time.

APPROVAL AND MODIFICATION OF SELECTION STANDARDS

The Company and Union hereby jointly agree to implement the Team Leader Selection Procedure as outlined.

The Team Leader Selection Procedure may be amended or new provisions added at any time upon mutual agreement of the Company and the Union.

ADJUSTMENT OF DIFFERENCES

Should any dispute or problem relative to Team Leader Selection arise, or the interpretation or implementation of the Team Leader Selection Procedure, it shall be referred to the Joint Committee for resolution. Problems not resolved by the Committee may become the subject of the Complaint Resolution Procedure under Article X of the Labor Agreement.

Agreed to: August 4, 2001

For the Company

New United Motor
Manufacturing, Inc.

For the Union

International Union, United
Automobile, Aerospace and
Agricultural Workers of America,
UAW, and its Local Union 2244

EXHIBIT "1"

A-57-58 Rev. 3-68 50M



SPECIAL OFFICIAL APPLICATION FOR MEMBERSHIP
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA (UAW)
DETROIT, MICHIGAN 48214

Date _____
 Name _____ Local # _____ Unit # _____
 Address _____ City _____ State _____ Zip _____
 Dept. _____ Soc. Sec. # _____

I hereby designate, select and empower the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), as agents or representatives, to act for me as my exclusive representative for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment or other conditions of continuance of my membership in said Union as a condition of my employment or continued employment, and contracts requiring the employer to deduct, collect, or assist in collecting from my wages or a regular supplemental unemployment benefit payable under its supplemental unemployment benefit plan any dues and fees payable to said Union; and I hereby revoke every selection or designation which in any manner may heretofore have been made by me, of any other representative for any of such purposes.

I further irrevocably designate, authorize and empower the said Union exclusively to appear and act for me and in my behalf before any Board, court, committee or other tribunal in any matter affecting my status as an employee or as a member of said Union, and exclusively to act as my agent to represent and bind me in the presentation, prosecution, adjustment and settlement of all grievances, complaints or disputes of any kind or character arising out of the employer-employee relationship as fully and to all intents and purposes as I might or could do personally present.

I pledge my honor to faithfully observe the Constitution and laws of the Union and the Constitution of the United States (or the Dominion of Canada as the case may be); to comply with all the rules and regulations for the government thereof; not to divulge or make known any private proceedings of the Union; to faithfully perform all the duties assigned to me to the best of my ability and skill; to so conduct myself at all times as not to bring reproach upon my Union, and at all times to bear true and loyal allegiance to the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW).

CONTRIBUTIONS OR GIFTS TO THE UAW ARE NOT DEDUCTIBLE AS CHARITABLE CONTRIBUTIONS FOR FEDERAL INCOME TAX PURPOSES.



Applicant's Signature _____

Witness _____

**AUTHORIZATION FOR CHECK-OFF OF DUES**

TO THE _____ COMPANY Dues _____

I hereby assign to Local Union No. _____ International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), from any wages earned or to be earned by me or a regular supplemental unemployment benefit payable under its supplemental unemployment benefit plan as your employee (in my present or in any future employment by you), such sums as the Financial Officer of said Local Union No. _____ may certify as due and owing from me as membership dues, including an initiation or reinstatement fee and monthly dues in such sum as may be established from time to time as union dues in accordance with the Constitution of the International Union, UAW; I authorize and direct you to deduct such amounts from my pay and to remit same to the Union at such times and in such manner as may be agreed upon between you and the Union at any time while this authorization is in effect.

This assignment, authorization and direction shall be irrevocable for the period of one (1) year from the date of delivery hereof to you, or until the termination of the collective agreement between the Company and the Union which is in force at the time of delivery of this authorization, whichever occurs sooner; and I agree and direct that this assignment, authorization and direction shall be automatically renewed, and shall be irrevocable for successive periods of one (1) year each or for the period of each succeeding applicable collective agreement between the Company and the Union, whichever shall be shorter, unless written notice is given by me to the Company and the Union, not more than twenty (20) days and not less than ten (10) days prior to the expiration of each period of one (1) year, or of each applicable collective agreement between the Company and the Union whichever occurs sooner.

This authorization is made pursuant to the provisions of Section 302(c) of the Labor Management Relations Act of 1947 and otherwise.

CONTRIBUTIONS OR GIFTS TO THE UAW ARE NOT DEDUCTIBLE AS CHARITABLE CONTRIBUTIONS FOR FEDERAL INCOME TAX PURPOSES.

Type or print name of Employee here _____

Signature of Employee here _____

Address of Employee _____

City _____ State _____ Zip _____

Date of Signature _____ Employee Clock Number _____ Soc. Sec. # _____

Date of Delivery to Employee _____

**MEMORANDUM FOR PAYROLL
DEDUCTION OF UAW V-CAP**

- 1.1 During the life of the current Agreement, the Company agrees to deduct from the pay of each employee voluntary contributions to UAW V-CAP, provided that each such employee executes or has executed the "Authorization for Assignment and Checkoff of Contributions to UAW V-CAP" form (attached hereto); provided further however, that the Company will continue to deduct the voluntary contributions to UAW V-CAP from the pay of each employee for whom it has on file an unrevoked "Authorization for Assignment and Checkoff of Contributions to UAW V-CAP" form.
- 1.2 Deductions shall be made only in accordance with the provisions of and in the amounts designated in said "Authorization for Assignment and Checkoff of Contributions to UAW V-CAP" form, together with the provisions of this Memorandum.
- 1.3 A properly executed copy of the "Authorization for Assignment and Checkoff of Contributions to UAW V-CAP" form for each employee for whom voluntary contributions to UAW V-CAP are to be deducted hereunder, shall be delivered to the Company before any such deductions are made, except as to employees whose authorizations have heretofore been delivered. Deductions shall be made thereafter, only under the applicable "Authorization for Assignment and Checkoff of Contributions to UAW V-CAP" forms which have been properly executed and are in effect.
- 1.4 Deductions shall be made, pursuant to the forms received by the Company, from the employees' first Union dues period in the first month following receipt of the checkoff authorization card and shall continue until the checkoff authorization is revoked in writing.

- 1.5 The Company agrees to remit said deductions promptly to UAW V-CAP, care of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW. The Company further agrees to furnish UAW V-CAP with the names and addresses of those employees for whom deductions have been made. The Company further agrees to furnish UAW V-CAP with a monthly and year-to-date report of each employee's deductions. This information shall be furnished along with each remittance.
- 1.6 The Union shall indemnify and hold the Company harmless against all claims or liabilities that may arise out of actions taken by the Company in complying with any of the provisions of this Memorandum.
- 1.7 The parties hereby agree that the amount of \$600.00 represents a reasonable estimate of the Company's costs of administering the voluntary political contributions checkoff program provided for in this Memorandum over the life of the current Agreement. The parties hereby additionally agree that the Union's obligation to bear the administrative costs of the aforementioned voluntary political checkoff program has been met by the incorporation of the estimated figure stated above into the total economic settlement package negotiated in the current Agreement.
- 1.8 This Memorandum will become effective August 4, 2001.

Patricia Pineda

Earlie Mays

Robert McCullough

Art Torres

Robert Ponsonby

Tito Sanchez

MEMORANDUM
AUTHORIZATION FOR ASSIGNMENT AND CHECKOFF
OF CONTRIBUTIONS TO UAW V-CAP

To: NEW UNITED MOTOR MANUFACTURING, INC.
I hereby assign to UAW V-CAP, from any wages earned or to be earned by me as your employee, the sum of (check one)

\$1.00 \$3.00 \$5.00 Other

each and every month. I hereby authorize and direct you to deduct such amounts from my pay and to remit same to UAW V-CAP at such times and in such manner as may be agreed upon between you and the Union at any time while this authorization is in effect.

This authorization is voluntarily made. I understand that the signing of this authorization and the making of payments to UAW V-CAP are not conditions of membership in the Union or of employment with the Company, that I have the right to refuse to sign this authorization and contribute to UAW V-CAP without reprisal, that UAW V-CAP will use the money it receives to make political contributions and expenditures in connection federal, state and local elections, that all UAW members may be eligible for V-CAP raffle drawings, regardless of whether they make a contribution to UAW V-CAP, and that monies contributed to UAW V-CAP constitute a voluntary contribution to a joint fund-raising effort by the UAW and the AFL-CIO.

I also understand that the guidelines for contributions to UAW V-CAP set forth above are merely suggestions, that I can contribute more or less than the guidelines suggest, and that the UAW will not favor or disadvantage me based on the amount of my contribution or my decision not to contribute.

Contributions or gifts to UAW V-CAP are not deductible as charitable contributions for federal tax purposes.

Name (Print)		SSN#
Address		
City	State	Zip
Local	Plant	Dept.
Dated	Signature	

UAW V-CAP is an independent political committee created by the UAW. This committee does not ask for or accept authorization from any candidate and no candidate is responsible for its activities.

August 4, 2001

Mr. **Nate Gooden**
UAW Vice President
8000 East Jefferson Ave.
Detroit, MI 48214

Dear Mr. Gooden:

The following sets forth certain matters agreed to by side letters between the Company and the, UAW:

A. MATTERS AGREED TO IN 2001 NEGOTIATIONS

During the current negotiations, the parties had detailed and extensive discussions on a number of subjects. During these discussions, the Union expressed concerns in certain areas.

In responding to these concerns, and to ensure more equitable and fair policies, the Company clarified its current policies and practices in those areas. Those clarifications, designed to eliminate any potential for arbitrary actions or misunderstandings, are listed below:

1. JOINT ACTIVITIES/OVERTIME PENALTY FUND

Effective August 2, 2004, the company will make available funding up to \$2.00 per overtime hour worked in incremental amounts in excess of five percent (5%) of straight time hours worked (calculated on a twelve month rolling average). Such funding will be calculated in accordance with the following incremental table:

<u>Overtime Hours as percent of straight Time Hours</u>	<u>Additional Amount per Hour</u>
<u>5% or less</u>	<u>\$0.00</u>

<u>Greater than 5% thru 12%</u>	<u>\$0.50</u>
<u>Greater than 12% thru 13%</u>	<u>\$0.75</u>
<u>Greater than 13% thru 14%</u>	<u>\$1.00</u>
<u>Greater than 14% thru 15%</u>	<u>\$1.25</u>
<u>Greater than 15% thru 16%</u>	<u>\$1.50</u>
<u>Greater than 16%</u>	<u>\$2.00</u>

The proceeds of the Fund will be used for mutually approved expenditures including, but not limited to, jointly developed education and training programs, tuition assistance for both workers and their dependent children; and child care subsidies/search assistance.

The expenditure of funds for approved projects and activities will be monitored by the Joint Activity Board. The Board will consist of the Vice President of Human Resources of NUMMI and the UAW International Vice President or their designees. The Board will also set policies, provide guidelines and allocate funds for projects and activities. If Fund levels are insufficient to support existing projects or activities, the board will mutually agree on available methods to continue them.

In the event of discontinuance or expiration, any balances in the Fund will remain with the Company and the Union will have no claim on such funds.

B. MATTERS AGREED TO IN PRIOR NEGOTIATIONS

During the 1988, 1991, 1994, and 1998 negotiations, the parties agreed to certain items as set forth in the Company's Letters of Understanding to Bruce Lee dated August 1, 1994. The provisions of that letters, re-stated below, will be incorporated into the 2001 Collective Bargaining Agreement, as follows:

1. Family School Partnership Act

Employees who are the parent or guardian having custody of a child who is enrolled in kindergarten or grades 1 to 12 are eligible for leave up to 8 hours per month, but not to exceed 40 hours each calendar year, to participate in a school activity. Employees who are the parent or guardian having custody of a child suspended from public school are eligible for leave to appear in the school of the child if the employee has been requested to do so by the school. Employees seeking a family school leave must provide the Company with as much advance notice as possible of the need for the leave. An employee must provide documentation from the school as proof that the employee visited the school on a specific date and at a specific time.

Employees must use existing vacation/PAA when taking a family school leave. If the employee does not have vacation/PAA, then the leave will be unpaid.

2. FMLA/CFRA

During these negotiations, the parties discussed the Family and Medical Leave Act (FMLA) of 1993 and the California Family Rights Act (CFRA). The Company assured the Union that it will comply with the provisions of the FMLA/CFRA.

In some instances, FMLA/CFRA leaves will be concurrent with leaves of absence covered by Article XXIII-Leaves of Absence, of the Collective Bargaining Agreement. In those cases where the employee is eligible for leave under the Collective Bargaining Agreement and the leave also qualifies under the FMLA/CFRA, the employee and Company will comply with the requirements of the FMLA/CFRA as well as the provisions of the Collective Bargaining Agreement regarding covered leaves of absence.

Pursuant to the Company's present plan for compliance with the FMLA/CFRA:

- An employee will continue to accumulate seniority while on FMLA/CFRA leave;
- Employees will be permitted but not required to use accrued vacation/PAA, for FMLA/CFRA except where prohibited by law (e.g. including, but not limited to, the laws and regulations pertaining to Workers' Compensation and state disability benefits).
- Where the employee has the option to use accrued vacation/PAA, the vacation/PAA will be applied at the beginning of the leave and integrated with any other benefits the employee is entitled to receive;
- Provide that employees who are married to each other will each be entitled to a maximum of 12 weeks of qualifying leave under the FMLA/CFRA;
- Provide that, when a third opinion is necessary under the medical certification and dispute resolution sections of the FMLA, the neutral provider will be selected jointly by the Company and the Union from a list, provided by the appropriate local or state professional medical association, of board-certified specialists in the field of medicine in which the point of controversy exists;
- Continue Company-paid group life, accidental death and dismemberment, medical and disability insurance during all FMLA/CFRA Leaves;
- All qualifying absence time will be designated and applied against an eligible employee's FMLA/CFRA entitlement as permitted by the FMLA/CFRA.

- Employees will repay the cost of health care coverage provided to them during the leave if they fail to return from FMLA/CFRA Leave, to the extent permitted by law.

The Company may make changes in its compliance plans to reflect subsequent court decisions or changes in the applicable laws or regulations.

Problems related to the implementation of this letter may be discussed by representatives of the UAW and the Company's Team Member Relations Staff.

3. Balancing of Overtime—Clarification of Article XX, Section 9 of the Agreement.

Group Leaders will be responsible for filling out the overtime chart and keeping it up to date. Balancing charts will be updated on a weekly basis as far as practical.

Balancing of Overtime.

Overtime work requiring specific skills, knowledge or responsibility will be balanced only among those employees who are qualified to perform the work. Team Leaders' work will be balanced only among Team Leaders in the group. Team Members' work will be balanced only among those Team Members who can perform the work in the group.

Amount Charged to the Overtime Chart.

Overtime work performed Monday through Friday will be recorded as time and a half on the balancing chart for overtime. Overtime work performed on a Saturday is recorded as time and a half on the balancing chart for overtime. Overtime work performed on a Sunday is recorded as double time on the balancing chart for overtime. Overtime work performed on a NUMMI recognized holiday is recorded as double time.

Distinguishing Hours Worked and Hours Refused.

When a Team Member works available overtime hours, actual hours worked will be recorded as W for worked on the overtime equalization chart. When a Team Member refuses available overtime hours, he/she will be coded as R for refused on the overtime equalization chart. When a Team Member is on vacation, absent, excused or on an approved Leave of Absence, those hours that would have been available to the Team Member will be charged in N for not available. (W, R and N are used as examples. The overtime equalization chart will be computerized. Any method to distinguish hours worked from hours refused will be acceptable.)

If a Team Member augments from one group to another group or one section to another section and works overtime hours, the overtime hours worked will be coded as W for worked. If a Team Member is transferred to another group or section, he/she will be given the average hours of the group to which he/she is transferred.

Other Important Information.

When overtime work is available, to determine which Team Members are asked first, the Group Leader refers to the overtime chart. Once the number of total hours offered has been determined, the Group Leader then asks the Team Members who are qualified with the lowest amount of hours offered first. If all hours are equal, the Group Leader then asks the Team Members who are qualified with the lowest amount of actual hours worked.

When all Team Members who have equal hours have been asked to work overtime and there are no volunteers and a Team Member must be forced to work overtime, the Team Member(s) who are qualified to perform the work and have the highest number of refused hours will be required to perform the overtime work.

4. **V-Cap Payroll Deductions.** The Company will establish a payroll deduction for voluntary deductions to the UAW/V-CAP on terms and conditions to be agreed upon by the Company and Union.
5. **Union Officials.** The Local Union President, the Chairperson of the Bargaining Committee, the District Committeepersons and the General Representatives will be paid forty (40) hours per week at the fully grown-in rate in effect for Division II team member plus COLA, and shift premium, if applicable, for their representational duties. Additionally, when at least three (3) groups of team members in the Union Representative's district are scheduled for overtime, the Union Representative for that district will be required to work and shall be paid for all overtime actually worked by the Union Representative, up to the scheduled production overtime. When the Company schedules production overtime, General Representatives shall be required to work and shall be paid for all such scheduled production overtime actually worked.

It is understood that at the conclusion of serving his/her term(s) of office the President of the Local Union, Chairperson of the Bargaining Committee, the District Committeepersons and the General Representatives will be returned to their previous job(s) in the bargaining unit, including Team Leader status if applicable. It is also understood, that on assuming any of the offices/positions noted above, no employee shall suffer a loss in his/her hourly rate.

6. **Recognition.** In the event the Company establishes or acquires any further plants or operations, the Union will be recognized as the exclusive bargaining representative pursuant to proof of a majority status among a representative complement of workers in any appropriate units. The proof of majority status is to

be established, at the Union's option, via an NLRB election or an authorization card check. The Union will be recognized when a neutral party (selected either by the parties or pursuant to the rules of the American Arbitration Association) certifies that a majority of the workers have signed Union authorization cards.

- 7. Problem Resolution Procedure.** The parties acknowledged the desirability of ensuring prompt, fair and final resolution of employee problems. The parties also recognized that the maintenance of stable, effective and dependable problem solving procedure is necessary to implement the foregoing principle to which they both subscribe. Accordingly, the parties view any attempt to reinstate a problem properly disposed of as contrary to the purpose for which the problem solving procedure was established and violative of the fundamental principles of collective bargaining.

However, in those instances where the International Union, UAW, by either its Executive Board, Public Review Board, or Constitutional Convention Appeals Committee has reviewed the disposition of a problem and found that such disposition was improperly effected by the Union or a Union Representative involved, the International Union may inform the Company's Team Member Relations Manager in writing that such problem is reinstated in the Problem Solving Procedure at the step at which the original disposition of the problem occurred.

It is agreed, however, that the Company will not be liable for any claims for damages, including back pay claims, arising out of the problem that either are already barred under the provisions of the agreement at the time of the reinstatement of the problem or that relate to the period between the time of the original

disposition and the time of the reinstatement as provided herein. It is further agreed that the reinstatement of any such problem shall be conditioned upon the prior agreement of the Union and the employee or employees involved that none of them will thereafter pursue such claims for damages against the Company in the Problem Solving Procedure, or in any court or before any Federal, State, or Municipal agency. Notwithstanding the foregoing, a decision of the arbitrator on any problem shall continue to be final and binding on the Union and its members, the employee or employees involved and the Company and such problems shall not be subject to reinstatement.

This provision is not to be construed as modifying in any way either the rights or obligations of the parties under the terms of the Agreement, except as specifically limited herein, and does not affect sections thereof that cancel financial liability or limit the payment or retro-activity of any claim, including claims for back wages, or that provide for the final and binding nature of any decisions by the Arbitrator or other problem resolutions. It is understood that this provision and parties obligations to reinstate problems as provided herein can be terminated by either party upon thirty (30) days notice in writing to the other.

This understanding will not affect any case settled prior to June 30, 1985.

8. **Educational Leave.** During the 1988 negotiations, the Company and the Union agreed to, and hereby reaffirm, their implementation of an Educational Leave program. The text of that Agreement is as follows:

Article XXIII, Section 11

"Employees with one or more years of seniority may make application for a Leave of Absence for further education."

"One continuous Leave of Absence for education will be granted without pay to eligible employees for a period not to exceed twelve (12) months, subject to Company approval."

In addition, if the parties institute joint education and training projects that would require off-site instruction of representatives of the Union and Management, upon its approval, the Company would pay required lost time and expenses of those employees involved.

9. **Union Activity Leave.** This will re-confirm our agreement concerning the benefits status of employees on a Union Activity Leave, within the meaning of Article XXIII, Section 10, as originally set forth in the Company's Letter of Understanding to you dated June 30, 1988. The provisions of that letter, re-stated below, will be incorporated into the 1991-1994 Collective Bargaining Agreement, as follows:

While on a Union Activity Leave, an employee will receive all benefits described in Article XXIV, with the employee being given credit for working a full forty (40) hour week with no absenteeism. However, the Union will reimburse the Company for the cost of providing the Group Insurance and Health Care Insurance Program to the employee.

Any employee presently on a Union Activity Leave will be given credit, within the meaning of this letter, back

to his/her original date of placement on such leave of absence.

10. **COLA Fold-in.** This letter will confirm our understanding that the wages of any employee in progression at the time COLA is folded into base rates will be adjusted in such a way as to ensure that his/her base wage (base rate plus COLA) remains unaffected by such fold-in during the remainder of his/her progression.
11. **Project Team Qualifications and Selection Criteria.** The Company from time to time establishes Project Teams for the purpose of working on and solving difficult production problems. When such teams are established, any necessary bargaining unit jobs on the team will generally be a temporary addition to normal headcount.

When the Company determines that a Project Team is necessary, it will establish the selection procedure. The Union will be provided the opportunity to participate in advance discussions and provide input to identify qualifications and the selection criteria (such as which Team Members to canvas). All project team applications will include a beginning and an ending date. The ending date may be extended up to forty-five (45) days by the Company. Further extensions may be granted with the mutual consent of the Union.

Once the qualifications and selection criteria are determined, they will be reviewed by the Team Member Relations Manager. When the qualifications and selection procedure have received the approval of the Team Member Relations Manager, the qualifications will be communicated to affected Team Members.

The Company will select the employee or employees it believes have the capability and knowledge to perform the job. Where the company believes two or more employees have equal capability and knowledge, and production needs permit the selection of any one of them, the employee with greatest seniority will be selected to staff the Project Team.

12. Bargaining Unit Work. The Company desires to reaffirm its commitment to the concept of the principal function of a Group Leader, which is "to direct the activities of workers in a particular area", as set forth in Article XV, Section 1.2 of the Contract, and that Group Leaders are not to perform bargaining unit work except as provided for under Article XV, Section 1.2, and as necessary to avoid interruptions of production because of absenteeism. Accordingly, the Company will remind Group Leaders and Plant Management of the provisions of Article XV, Section 1.2 and instruct them to comply with them.

13. Shift Premium. The parties have reached, and hereby confirm, the following agreement concerning the 10% premium described in Article XVII, Section 3.1(c) of the Agreement. The 10% premium will be waived for the time period between 5:30 a.m. and 6:00 a.m. This waiver will remain in effect so long as the Company is required to comply with government mandates on trip reduction during peak commute hours.

14. Problem Resolution Procedure. The parties hereby reaffirm their commitment to make their best efforts to expedite the handling of problems in accordance with the problem resolution procedures set forth in Article X, Section 4.2 of the Agreement

Very truly yours,

Patricia S. Pineda

Vice President

Human Resources

New United Motor Manufacturing, Inc.

August 4, 2001

Mr. **Nate Gooden**
UAW Vice President
8000 East Jefferson Ave.
Detroit, MI 48214

Subject: Health, Safety and Ergonomics

Dear Mr. **Gooden** :

During the current negotiations, considerable discussion was had relative to the importance of health, safety and ergonomics in the plant and the Contract was changed to reflect our common concern for the welfare of our employees. In response to these concerns the Company agrees to the following provisions:

1. The parties agree to hold a joint planning meeting to develop an action plan for implementing the various aspects of Article XXV within 30 days of the effective date of this agreement.
2. The Company and Union agree to evaluate jobs to determine the need for and type of personal protective equipment (PPE) that may be required, if any. Every reasonable effort will be made to mutually resolve disagreements that may arise, provided that while a disagreement is being resolved the Company may implement the PPE perceived to be necessary.
3. Facilities Maintenance will focus on correcting drinking fountain and eyewash problems on a plant-wide basis as they are identified.
4. **The work area in the General Stores Receiving area will be relocated within 90 days to a heated area (office) for the team members to perform their administrative work functions.**

5. The Company will address all existing ergonomic issues in the Truck Production Control within 45 days of the effective date of this contract.
6. The truck gas fill operation ventilation system will be interlocked to stop the assembly line when the system is inoperable. In addition, safeguarding to control entry will be installed. Air flow on the workstations adjacent to the exit side of the booth will be optimized. Fuel leak causes will be corrected. A curtain will be installed on the entry side of the booth. The above improvements will be made within 90 days. Further investigation will be performed by the original equipment manufacturer to bring the booth ventilation system back to the original design criteria.
7. An inclement weather cover will be installed for each propane truck exchange area. A sign will be installed at each station to communicate the nearest location of a phone in case of emergency.
8. The ventilation system in the car paint sealer deck will be improved. Significant facility improvements will take place and will continue until such time as management and the union mutually agree that the situation has been adequately resolved. Initial efforts will include upgrading and maintaining. The existing system will be repaired, two additional cooling coils will be installed and airflow will be increased. Air recirculation will be increased.
9. The standardized work for the dock hostler drivers will be modified to assure that trailers will not be moved during loading and unloading. The safety light system will be upgraded to

insure that a component failure will not result in an unsafe condition.

10. A safety light beam system will be installed that activates a visual warning when a frame dolly delivery vehicle approaches the frame delivery ramp. The system will activate visual and audible alarms when a pedestrian and/or unauthorized vehicle approaches the frame delivery ramp. The system will be installed in 90 days.
11. The Company agrees to improve the quality of air in the truck body shop and the new car body shop by:

 - developing and implementing an industrial hygiene air sampling plan to map the level of air contaminants throughout the truck body shops within 90 days and in the new car body shop by June 1, 2002,
 - conducting a comprehensive review of the truck body shop ventilation systems within 60 days and in the new car body shop by April 1, 2002,
 - conducting an engineering study based on cost, feasibility and effectiveness on alternative control measures,
 - modifying existing ventilation systems and installing additional local exhaust and fresh air make-up units based on the results of the air sampling plan, ventilation review and the engineering study, under the direction of the Joint Safety Committee.
12. The Company will install guarding to protect employees in the truck tire inflation area from exposure to over-inflated tires within 30 days.
13. Major improvements will be made to improve pedestrian safety. The Company and Union will

establish standards and guidelines and conduct a plant wide survey to identify missing and needed pedestrian aisle markings, blind corners and obstructed aisles. Vehicle speed will be properly limited. The Company will correct identified shortcomings.

14. The Company and the Union agree that UAW Safety & Health General Representatives and the UAW Coordinator for Health, Safety and Ergonomics will assist the Company in the delivery and implementation, as well as the planning of safety, health and ergonomics projects and programs. Accordingly, it is the responsibility of the General Representatives to assist in the activities listed below:

- Delivery of safety, health and ergonomic training to employees;
- Delivery of training to safety and ergonomic trainers;
- Review of the annual noise abatement programs;
- Training of section safety coordinators;
- Investigation of accidents and problems;
- Participation in problem solving activities;
- Job evaluation, hazard analysis and review of new and modified equipment;
- Attend Executive Joint Conferences;
- Attend Plant Managers Safety Committee;
- Participation in the Joint safety Committee and section ergonomic committees;

- Attend the Hazardous Materials Review Committee.

- 15.** Information made available to the UAW General Representatives for Safety and the UAW Coordinator for Health, Safety and Ergonomics will be used only to further the program objectives. Further dissemination, beyond the Company and Union of information specifically designated as confidential by the Company, other than that required by law, will not be performed without prior authorization.
- 16.** The Company commits to improve its preventive maintenance program for material conveyance dollies. All dollies will be assigned an identification number and inspected every month, and repaired in a timely manner.
- 17.** The Company agrees to increase the safety shoe allowance to \$110.00 per calendar year.

Management will conduct information meetings to make all affected team members aware of the changes that will take place in their area.

Very truly yours,

Patricia S. Pineda
Vice President
Human Resources
New United Motor Manufacturing, Inc.

August 4, 2001

Mr. Art Torres
Chairman, Bargaining Committee
UAW, Local 2244
45201 Fremont Boulevard
Fremont, CA 94538

Dear Mr. Torres:

The following sets forth certain matters agreed to by side letters between the Company and the Chairman of the Bargaining Committee, UAW Local 2244.

A. MATTERS AGREED TO IN 2001 NEGOTIATIONS

During the recently concluded negotiations, the parties had detailed and extensive discussions on a number of subjects. During these discussions, the Union expressed concerns in certain areas.

In responding to these concerns, and to ensure more equitable and fair policies, the Company clarified its current policies and practices in those areas. Those clarifications, designed to eliminate any potential for arbitrary actions, are listed below:

1. The Company agrees at its option to repair or replace the eight existing Bulletin Boards described in article XXVI.
2. Standardize Work: Both parties recognize that the prompt handling of standardize work concerns is a desirable goal. The parties agree to work together and address these concerns by utilizing Article XXVIII, Section 2. Additionally, the company agrees

to emphasize the importance of standardize work during new hire and team leader training classes.

3. Although the Company will not take on the responsibility of delivering a subpoena to an employee in the workplace they will continue to notify the employee when a subpoena is received.
4. The Company will not knowingly allow abuse (including untimely notification) of overtime break or lunch break scheduling. Instances of alleged abuse shall be directed to the Manager of Team Member Relations by the Chairman of the Bargaining Committee.

B. MATTERS AGREED TO IN PRIOR NEGOTIATIONS

During the 1988, 1991, 1994, and 1998 negotiations, the parties had detailed and extensive discussions on a number of subjects. During these discussions, the Union expressed concerns in certain areas.

In responding to these concerns, and to ensure more equitable and fair policies, the Company clarified its current policies and practices in those areas. Those clarifications, designed to eliminate any potential for arbitrary actions were set forth in the Company's Letters of Understanding to the Chairman of the Bargaining Committee dated June 30, 1988, July 1, 1991, and August 1, 1994. The provisions of those letters, re-stated below, will be incorporated into the 1998-2001 Collective Bargaining Agreement, as follows:

1. No repayment of an overpayment made by the Company to the employee will be required if the employee is not provided written notice within forty-five (45) days of the receipt of the overpayment, except where the overpayment exceeds \$1,000.00, in which

case the Company retains the right to pursue any legal remedies to collect the overpayment.

2. The Company agrees to distribute paychecks on the second shift within the first hour of the shift. If the Company perceives that this distribution is causing problems, this practice may cease. The Company has agreed to make additional improvements in the handling of second shift payroll problems by providing that a payroll representative will be available to address pay problems until 8:30 p.m. on Thursday evenings.
3. **Access to the plant.** Employees on approved leaves of absence may be allowed to enter the plant during regular working hours for legitimate business purposes. The Human Resources Department is to be notified in advance and an appointment made. Employees on leaves of absence shall be accompanied to the department in question by a member of the Human Resources Department. Such employees, when present at the plant, shall not interfere with plant production or operations during the visit.
4. **Union Coordinators.** The Company agrees to pay Union Coordinators time and one-half for attending monthly joint conferences, and it agrees to continue the practice of giving Union Coordinators preferential treatment for the purpose of shift reassignment ("super seniority").
5. **Vacancies and Openings.** In the event a vacancy is caused by termination, promotion, transfer, sick leave, etc., management will assess its manpower needs and requirements and will attempt to eliminate the vacancy by using Kaizen efforts, balancing, reassignment or temporary assignment. If the vacancy is not eliminated, an open job will be identified and it will be filled according to promotion

procedures for team leader positions and transfer procedures for employee positions.

6. Transfers.

- a. Employees selected through the Transfer provisions of the Agreement will be moved as promptly as possible, production needs and qualifications permitting.
- b. In order to facilitate the transfer process, Management would propose the following:
 - c. 1. Team Member Relations Representative and Union Committeeperson teams working with floor supervision will identify openings in their respective sections and groups.
 2. Team Member Relations Representative and Union Committeeperson teams will assist in surveying and interviewing applicants on the transfer list.
 3. Once qualified applicants are identified, the Team Member Relations Representative and Union Committeeperson team will promptly communicate with the affected departments and coordinate the transfer with the hiring process, providing production needs permit.

7. Medical Policies and Procedures.

The Company shares the Union's interest in high quality professional medical care for its employees and it is the Company's policy that all employees be treated with dignity and respect.

Further, both the Company and the Union are committed to ensuring that employees will not be

required to work when such work will jeopardize an employee's health. Towards that end, when there is a dispute about whether an employee is able to return to work or whether an employee can appropriately take sick leave, the following procedure will be utilized:

- a. The employee may select a physician from a panel of three (3) physicians jointly agreed to by the Company and the Union to render an independent medical opinion. The services of this physician will be paid for by the Company.
- b. After examining the employee, the physician will render an independent medical opinion addressing three (3) questions: (1) the nature of the employee's condition; (2) the employee's prognosis; and (3) any medical restrictions on the employee's return to work.
- c. The independent medical opinion will be heavily weighed by the Company physician when the employee's case is reviewed. However, subject to the arbitration procedure, the final decision as to whether the employee can work, will be made by the Company. Where the Company disagrees with the independent medical opinion, it shall provide a written statement setting forth the basis of its disagreement to the Union.
- d. Should the Union dispute the Company decision, the grievance shall be filed to the Third Step provided in Section 4 of the Problem Resolution Procedure, within three (3) working days from the Company's decision.

The case will then be handled through the expedited arbitration procedure in accordance with Article X, Section 6.2 of this Agreement.

With regard to other medical-related issues, any changes to medical and therapy appointments established by the Medical Department must be coordinated through the Human Resources Department. Further, the parties agree to continue regular periodic meetings with the Plant Medical Advisor and the Union and Management Representatives in keeping with our mutual commitment to resolve problems through open communication.

e. When available, the Medical Department at NUMMI shall determine the Medical Transportation needs of Team Members.

- **Emergency Services**
- **Company**
- **Taxi-Cab**

8. Child Care. The Company and Union will continue to work together to establish a referral system responsive to employee child care needs.

9. Roundtable Communications. During these negotiations, the parties acknowledged their mutual goal of a strong and viable corporation which can provide long term job security for our employees. We agree that our future success in accomplishing this goal depends on our commitment to building and maintaining the most innovative and harmonious labor-management relationship in America, resolving differences or misunderstandings through full and open communications, and to build the highest quality automobile in the world at the lowest possible cost to the consumer.

We jointly recognize that with the intense competition both at home and abroad, there is an unparalleled need to find new ways of doing business.

Our recent past experiences have demonstrated that substantial progress can be achieved when individual and group interests are subordinated to mutual goals and when conflict is replaced by cooperation. Thus, the parties are in accord that we need to expand upon the spirit of cooperation exhibited by the Union, the Company and our Employees which has served as the cornerstone for the success of New United Motor Manufacturing, Inc.

In order to enhance future cooperative efforts and create a framework which will promote understanding, improve relationships and provide for constructive, non-adversarial problem solving, the parties have established the Roundtable Discussion Program.

The establishment of the Roundtable does not replace the collective bargaining process or the Complaint Resolution Procedure. Rather it is intended to provide an opportunity for discussion. The Roundtable shall provide a new structure designed to:

- Improve communications and the exchange of information among the Union, Management and Employees;
- Determine approaches for improving operational competitiveness in order to enhance job security;
- Identify and recommend new approaches for improving product quality; and
- Discuss general operation and business developments.
- In addition to the foregoing responsibilities, the Roundtable will discuss problems associated with the following:

- Special Pilot Project Assignments; and
- Movement of personnel resulting from vacancies or job openings.

10. Complaint Resolution Procedure. Both parties recognize that the prompt handling of complaints that arise under the Complaint Resolution Procedure is a desirable goal. The parties agree to work together to address and resolve problems and/or logjams that act to delay the Problem Resolution Procedure.

11. Written Corrective Notices. The parties mutually acknowledge the importance of timely correction and counseling of employees who commit infractions of the Rules of the Standards of Conduct and Good Attendance. The Company agrees to make its best efforts to take corrective action on infractions as soon as possible after the time an infraction occurs. In cases where the possibility of undue delay appears to exist, the cognizant Company Team Member Relations Representative and Union Committee person may discuss the case directly with the Manager, Team Member Relations or his/her designee so that the matter can be resolved in a timely manner.

12. Safety Hold Harmless. In the event that the Union is named as defendant in a lawsuit alleging a breach of duty on the party of the Union under Article XXV, the Company will defend the lawsuit on behalf of the Union, and hold it harmless to the extent of costs and expenses of defense, but not the cost of any damages which might be assessed against the Union.

13. Second Shift Payroll. During the current negotiations, the Union raised a number of issues concerning pay problems and/or shortages on the second shift, and requested action by the Company to

correct these problems. The parties acknowledge that more improvement is needed and that the Company will continue, in concert with the Union, to work for further improvements in the handling of these problems.

14. Second Shift Doctor. The Company agrees to make the Medical Department physician available until 6:00 p.m. two (2) days each work week to address medical care and administration requirements for the second shift.

15. Company/Union Meeting Minutes. The parties agreed that the minutes for the weekly Company/Union meetings be accurate and include the Company's position. The Company will continue its long established practice of reviewing the minutes with the Chairman or his designee prior to publication. The Company also advised the Union that it will continue to work with the Chairman in a spirit of cooperation to make the minutes a more useful tool for both parties.

16. Shift Assignment. The parties agreed that the Company shall make shift assignments to eligible employees on a timely basis pursuant to the language of Article XIII, Section 1.2(b).

17. Union Appeal to Vice President, Human Resources from review Committee. The Union and Company agree that after the Review Committee has made its recommendation to the Vice President, Human Resources pursuant to Article X, Section 11.2 of the Agreement, the Union may present any unusual or mitigating conditions and circumstances directly to the Vice President, Human Resources before a final decision is made.

Very truly yours, **Robert Ponsonby** Manager,
Team Member Relations

EXHIBIT "A" PERFORMANCE IMPROVEMENT PLAN SHARING (PIPS)

This is a reproduction of the PIPS program from the expired agreement that is effective for 2001 only.

INTRODUCTION

To maintain its competitive edge, NUMMI strives to improve in the areas of quality and efficiency. The purpose of the PIPS program is to reward employees for improvements in quality and efficiency. Under the PIPS program Employees may earn up to \$2,400 per year in additional pay for improvements in those areas.

HOW THE PLAN WORKS

The formula under the plan provides for a payment to be distributed to all team members based on the sum of the improvement levels in:

- Quality % improvement in Sales Satisfaction Survey (SSS), and; Initial Customer Enthusiasm (ICE)
- Efficiency % improvement in Hours per Unit in accordance with the following schedule:

Improvement %		>0≤2	>2≤4	>4≤6	>6≤8	>8≤10	>10
	Corolla	\$75	\$150	\$200	\$275	\$350	\$425
Quality							
	Prizm	\$75	\$150	\$200	\$275	\$350	\$425
	Truck	\$75	\$150	\$200	\$275	\$350	\$425
Efficiency		\$200	\$300	\$400	\$500	\$600	\$725

For calculation purposes, quality and efficiency improvements will be determined by comparing results of the current and the 1998 Base Model Year. For

comparison purposes, the evaluation periods will cover results from the following periods. The Company will utilize the survey that is recognized by GM or Toyota for their respective vehicles .

ICE /SSS Scores September - June

• Hours per Unit November - July

The calculations will be based on the latest finalized data available for each measure. A precondition for the above payments is an improvement in both quality and efficiency.

An employee can earn an additional \$400 under this program if a NUMMI vehicle achieves a top ranking in the J.D. Power Quality Survey.

- \$200 for a 1st place ranking of either passenger car in its comparable vehicle class
- \$200 for a 1st place ranking of the truck in its comparable vehicle class

Payments will be made by separate check no later than the second pay period in December. In order to offer feedback to team members on quality and efficiency performance levels, the Company will provide quarterly updates. Eligible employees are those who have worked 1040 hours during the 12 month period through October prior to the December payment and have not had their employment terminated prior to the payment date, except where the employee's termination was due to retirement or death. Should an otherwise eligible employee retire or die prior to the date of payment, he/she or his/her designated beneficiary shall be entitled to a full payment.

The PIPS Program will be monitored and reviewed by a Joint Committee consisting of the Vice President, Human Resources, Director of Manufacturing, General Manager Q.C., Manager, Team Member Relations, Manager of Q.A., the UAW Bargaining Committee and the UAW International

Representative. The Joint Committee has the authority to modify the Program by mutual agreement at any time during the term of the Collective Bargaining Agreement.

In addition, the Joint Committee will adjust the ICE/SSS data and the Hours per Unit results as needed to take into account catastrophic or extraordinary events that would otherwise adversely impact reported values. Adjustments will be made for such events as major new parts problems, major model changeovers, significant reductions in volume, Acts of God, other events outside the company's and/or worker's control, etc.

August 4, 2001

Mr. Nate Gooden
UAW Vice President
8000 E. Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Gooden:

The purpose of the Performance Improvement Plan Sharing (PIPS) program is to reward employees for accomplishments in areas critical to NUMMI's success. The program identifies meaningful measurements to drive and quantify accomplishments in these areas and identifies financial rewards to be paid to employees for improvements in plant operations and product quality. In order to continue to meet the PIPS program goals, the parties have agreed to utilize the PIPS Joint Committee to analyze the current PIPS program, investigate means of improving the program to reward employee accomplishments and enhanced performance, and develop a PIPS proposal setting forth the recommendations of the Joint Committee. Beginning within 30 days of the commencement of the new Collective Bargaining Agreement, the Joint Committee will develop a joint PIPS proposal by the end of the fourth quarter of 2001. It is the parties' goal to implement the joint PIPS proposal before October 2002.

In the area of Quality, the Joint Committee will investigate alternative methods (i.e., targets based on daily plant indicators) to measure quality in addition to J.D. Power results.

In the area of Efficiency, the Joint Committee will investigate methods to measure daily plant efficiency. The parties understand that the objective is to establish new efficiency targets for the new products to be produced by NUMMI.

In the area of Safety, the Joint Committee will investigate methods to improve the root causes of industrial accidents thereby improving overall plant safety.

The Joint Committee will also establish award levels associated with each recommendation. All recommendations of the Joint Committee will be made to a PIPS Steering Committee consisting of Vice President/Director, UAW Transnational Department, and NUMMI Vice President/Human Resources or their designees. The Steering Committee members must mutually agree upon all proposals before implementation. The Steering Committee is authorized to implement the PIPS proposals developed by the Joint Committee.

The maximum annual payment levels for PIPS, including any modifications subsequently implemented, will not exceed the agreed upon limits established in these negotiations.

In the event the parties cannot mutually agree to revisions to the PIPS program, the PIPS program, as negotiated, will remain in effect for the duration of the contract period.

In addition to the foregoing, within 30 days of the commencement of the new Collective Bargaining Agreement, the Joint Committee will undertake a project, the result of which will be the recommendation of an outside consultant who will quickly develop and administer a training program that educates all team members on the PIPS program, including any negotiated changes. The intent of this education program will be to ensure that all team members understand their impact on product quality and efficiency, and how that potentially translates into enhanced vehicle acceptance and satisfaction, higher sales and profits, greater job security and larger bonuses under the PIPS plan. The training program will

commence on or before November 15, 2001, and be completed prior to the 2002 new model launch. The parties also understand that further education may be necessary, as the Joint Committee deems appropriate for subsequent PIPS modifications. The Company agrees to adequately fund such education programs.

Very truly yours,

Patricia S. Pineda
Vice President, Human Resources
New United Motors Manufacturing, Inc.

PIPS Modifications

EXHIBIT "A" PERFORMANCE IMPROVEMENT PLAN SHARING (PIPS)

This is an updated PIPS plan that incorporates the modifications agreed to during contract negotiations and the subsequent modifications that were agreed upon pursuant to the Pineda/Gooden Letter of Understanding. This language is effective for calendar years beginning in 2002. Subsequent modifications, if any, will be reported out separately.

Introduction

To maintain its competitive edge, NUMMI strives to improve in the areas of quality and efficiency. The purpose of the PIPS program is to reward Team Members for improvements in quality and efficiency. Under the PIPS program Team Members may earn up to \$2,400^{*1} per year in additional pay for improvements in those areas.

How the plan works

The formula under the plan provides for a payment to be distributed to all Team Members based on the sum of the improvement levels in:

- Quality % improvement in customer satisfaction surveys. The Company will utilize the survey that is recognized by GM or Toyota for their respective vehicles which are:

¹ *Except for 2002, when potential additional awards up to \$600 may be paid in connection with the launch of the new Corolla and Vibe.

Vehicle Survey

Corolla Toyota Customer Survey

Tacoma Toyota Customer Survey

Vibe JD Power Month of Build

- Efficiency % improvement in Hours per Unit in accordance with the following Tables.

The calculations will be based on the latest finalized data available for each measure.

Starting in January 2002, in an effort to more closely match the timing of Team Member contributions and the PIPS rewards, the quality and efficiency improvements will be measured, calculated, earned, and reported out to Team Members quarterly. Awards will be paid annually to Team Members meeting the appropriate eligibility rules.

Due to the planned launch of the Vibe in January 2002 and the Corolla model changeover in January 2002, the quality and efficiency improvement factors have been revised.

1st and 2nd Quarters of 2002

Truck quality and efficiency results in each of the first two quarters of 2002 will be compared to Base Period Average values to determine percentage improvements and the corresponding dollar payouts based on Table 1. The Base Period Average will equal the 1998 through 2000 Model Year average results for Truck only. No awards will be earned for the Corolla or Vibe in the 1st and 2nd quarter of 2002.

Table 1
1st and 2nd quarter, 2002

Improvement %		>0<=2	>2<=4	>4<=6	>6<=8	>8<=10	>10
Quality	Truck	\$60	\$110	\$160	\$210	\$260	\$300
Efficiency	Truck	\$50	\$70	\$90	\$110	\$130	\$150

All Subsequent Quarters

Quality and efficiency results in subsequent quarters will be compared to Base Period Average values to determine percentage improvements and the corresponding dollar payouts based on Table 2. For Truck, the Base Period Average will be the same as above, i.e., its 1998 through 2000 Model Year average. For the new Corolla and Vibe, the Base Period Average will be the average of their respective quality and efficiency results according to the period in Table 3.

Table 2

All subsequent quarters beginning with the 3rd calendar quarter 2002 and ending with the 4th calendar quarter 2005.

Improvement %		>0<=2	>2<=4	>4<=6	>6<=8	>8<=10	>10
Quality	Corolla	\$20	\$35	\$55	\$75	\$85	\$100
	Vibe	\$20	\$35	\$55	\$75	\$85	\$100
	Truck	\$20	\$35	\$55	\$75	\$85	\$100
Efficiency		\$50	\$70	\$90	\$110	\$130	\$150

Table 3

Corolla and Vibe Base Period Average Schedule

Reward Quarters	Base Period Average
3rd Quarter, 2002	2nd Quarter, 2002
4th Quarter, 2002	2nd Quarter, 2002 3rd Quarter, 2002
1st Quarter, 2003 and all subsequent quarters	2nd Quarter, 2002 3rd Quarter, 2002 4th Quarter, 2002

For example, beginning with the first reward quarter for the new Corolla and Vibe (3rd Quarter, 2002), the Base Average value will be calculated using data generated in the 2nd Quarter, 2002, the first full quarter of production. The next payout (4th Quarter, 2002) will be calculated by comparing the results for the 4th Quarter, 2002 with an average of the quality and efficiency data generated in the preceding two quarters. For all subsequent quarters, the Base Period Average value will be calculated using the data generated in the 2nd, 3rd, and 4th quarters of 2002.

JD Powers Quality Awards

An employee can earn an additional \$600 per year (\$300 semiannually) under the semiannual J.D. Power Quality awards. Every six months the following potential awards are available:

- **\$100 for a 1st place ranking or \$50 for a 2nd place ranking of the Tacoma in its comparable vehicle class.**
- **\$100 for a 1st place ranking or \$50 for a 2nd place ranking of the Corolla in its comparable vehicle class.**
- **\$100 for a 1st place ranking or \$50 for a 2nd place ranking of Vibe in its comparable vehicle class.**

J.D. Power Quality Survey award will be measured, calculated, earned and reported out semiannually one month after the release of each (public & private) J.D. Power Quality Survey. Awards will be paid annually to Team Members meeting the appropriate eligibility rules.

<u>JD Power Report</u>	<u>Reward Period</u>
<u>May IOS</u>	<u>January 1 – June 30</u>
<u>October IOS</u>	<u>July 1 – November 30</u>

Award Payments and Eligibility

Payments will be made by separate check no later than the third pay period in December. In order to offer feedback to Team Members on quality and efficiency performance levels, the Company will provide quarterly updates.

Team Members must meet the following requirements to be eligible for the annual payment of the quarterly quality and efficiency awards, the semiannual JD Powers Quality Awards, and the Minimum Annual PIPS Payment.

Quality and Efficiency Awards - Quarterly Program

Team Members must complete their probationary period, achieve seniority, and have worked 260 hours during the reward quarter.

JD Powers Quality Awards - Semi-Annual Program

Team Members must have worked 520 hours during the first six-month reward period and 433 hours during the second five-month reward period.

Minimum Annual PIPS Payment

The annual PIPS payouts will be a combined minimum of \$600. If this has not been achieved by the end of the year, the minimum will be paid in December to all Team Members who have worked a minimum of 953 hours during the

preceding 11-month period through November 30.

In addition, Team Members must not have had their employment terminated prior to the payment date, except where the employee's termination was due to retirement or death. Should an otherwise eligible employee retire or die prior to the date of payment, he/she or his/her designated beneficiary shall be entitled to the greater of the amount the employee earned or the Minimum Annual PIPS Payment provided the applicable eligibility rules were achieved.

For purposes of this section, all time spent attending to Union business will be treated as hours worked, per CBA Article 8 Section 11.3 notification.

Administration and Monitoring

The PIPS Program will be monitored and reviewed by a Joint Committee consisting of the Vice President, Human Resources, Vice President of Manufacturing, General Manager O.C., Manager, Team Member Relations, Manager of O.A., the Vice President / Director, UAW Transnational Department and/or their designee, the UAW Bargaining Committee and the UAW International Representative. The Joint Committee has the authority to modify the Program by mutual agreement at any time during the term of the Collective Bargaining Agreement.

In addition, the Joint Committee will adjust the survey data and the Hours per Unit results as needed to take into account catastrophic or extraordinary events that would otherwise adversely impact reported values. Adjustments will be made for such events as major new parts problems, major model changeovers, significant reductions in volume, Acts of God, other events outside the company's and/or worker's control, etc.

The Company will furnish the Union with all supporting data including surveys, reports and calculations in a timely manner for verification.

The 2001 payout will be based on the prior Agreement (i.e. August 1, 1998 - August 4, 2001).

Launch Bonus Plan

During the 1st calendar quarter of 2002 (January - March) the Company is planning to launch two new vehicles; the new model Corolla (329N) and the Vibe (330N), a sport utility vehicle. The new model launch represents a significant challenge and opportunity for NUMMI team members. In recognition of the importance and financial ramifications of a successful launch, the Company will reward team members for their dedication and commitment for achieving certain targets during the launch period.

Team members may earn up to \$600 dollars in additional pay for achieving key performance targets during the critical ramp up period.

How the Launch Bonus Plan Works

The Launch Bonus Plan is a one-time bonus which can only be earned for the product launch during the first Quarter of 2002. This bonus is payable on top of the customary PIPS payouts. The formula for payments to eligible employees will be based on reaching specific target volumes during a 3-day moving average.

Target/Volume Day

The 329N/330N program ramp-up for daily production is based on 32 production days from the start of production, January 7, 2002. Full target volume is defined as 856 units per day (95% efficiency) off Final Assembly end of line.

There are two opportunities to earn a bonus. The first is achieving full target volume, for a 3-day moving average. For calculation purposes, the table below illustrates reward levels for attaining the 3-day moving average within the four target periods set forth below:

FIRST DAY OF THREE DAY MOVING AVERAGE

<u>Production Days to Full Target Volume for Three Day Moving Average</u>	<u><30 production days</u>	<u>30 to 36 production days</u>	<u>37 to 42 production days</u>	<u>43 to 48 production days</u>
	<u>\$600</u>	<u>\$500</u>	<u>\$400</u>	<u>\$300</u>

If, and only if, full target volume is not achieved for a 3-day moving average and a bonus is not awarded, a second bonus opportunity is available. Under this second bonus opportunity, eligible team members can earn \$200 for achieving target volume for a 3-day moving average of 846 units per day (94% efficiency) off Final Assembly end of line.

WHEN THE LAUNCH BONUS WILL BE PAID

Launch Bonus Payments will be made to eligible employees no later than 45 days following the end of the first quarter 2002 (defined as the end of the 13th week of 2002). Team Members eligible for the Launch Bonus, but not actively working on the Launch Payment date, will receive payment upon returning to active employment or upon termination of employment if they do not return to active employment.

ELIGIBILITY

Team Members must have an employment start date on or before January 30, 2002. Should an otherwise eligible employee retire or die prior to the date of payment, they or their designated beneficiary shall be entitled to the Launch Bonus payment. Team Members who receive a written corrective notice (WCN) for attendance during the 32-day Launch period starting January 7, 2002 are ineligible for the Launch Bonus.

Temporary Part-Time Employees Agreement

I. General

The parties agree that the Company may hire temporary part-time employees to supplement the workforce for straight-time, overtime, or weekend work. Additionally the Company agrees to give special consideration for relatives of current full-time employees when hiring temporary part-time employees.

Therefore, it is agreed that this Supplemental Agreement shall govern the employment of such temporary part-time employees.

Temporary part-time employees are employees hired by the Company who shall normally be scheduled to work on Monday, Friday, and Saturday, unless such day is a holiday in which case the part-time employee may be used on the previous and/or next scheduled work day.

On days they are scheduled to work, temporary part-time employees may be scheduled for all or any part of the hours scheduled for the department or section to which they are assigned.

A. Temporary part-time employees may be scheduled to work daily overtime and on days for which regular full-time employees receive premium pay provided such overtime in excess of thirty (30) minutes has been offered to eligible full time employees within the Group.

B. Except as clarified in number one (1), Temporary Part-time employees may not be used on any day other than Monday, Friday or Saturday unless mutually agreed to by the Union.

C. The utilization of part-time employees will not be considered as an infringement of the rights of full-time employees under the NUMMI-UAW Collective Bargaining Agreement. Nevertheless part-time employees will not be used to avoid hiring regular, full-time employees.

- 2. Temporary part-time employees shall not accumulate time toward the fulfillment of the 90-day probationary period while employed as a temporary part-time employee. In the event a temporary part-time employee becomes a full-time employee, they shall be considered a new employee and shall receive no credit for any purpose for time during which they were employed as a temporary part employee.**
- 3. Temporary part-time employee with more than 90 Days worked may be discharged or otherwise terminated without recourse to the Problem Resolution Procedure, provided, however, that cases of claimed discrimination on account of race, color, national origin, age, handicap, sex, or religion may be protested.**
- 4. In situations involving an alleged violation of this Supplemental Agreement a temporary part-time employee may seek assistance through the appropriate Union Representative and/or the Problem Resolution Procedure only**
- 5. Temporary part-time employees will be subject to the Dues Checkoff and Union Security provisions of the Collective Bargaining Agreement. The Initiation Fee and Monthly dues for temporary part-time employees will be as determined by the UAW.**
- 6. Temporary part-time employees will not be used for the purpose of establishing a production standard on an operation; nor will their performance be considered in establishing a production standard or in a dispute over the production standard.**

7. Temporary part-time employees except as mutually agreed to by the parties, are not subject to movement through the administration of the Shift Assignment or Transfer Procedure.
8. The termination of a temporary part-time employee, regardless of reason, will not be considered an opening as defined under the Transfer Procedure.

II. Pay

Temporary part-time employee shall be compensated at the designated starting rate plus COLA and will receive a five (5%) percent increase for every 960 hours of work up to full base wage. Each increase will be effective at the beginning of the first pay period following the completion of the required number of hours actually worked.

1. A temporary part-time employee shall be paid time and one-half for time worked in excess of eight (8) hours in any continuous twenty-four hour period beginning with the starting time of their shift and for time worked in excess of forty (40) hours per week. A temporary part-time employee shall be paid for hours worked on Saturday and Sunday in accordance with Article XIX of the Collective Bargaining Agreement.
2. A temporary part-time employee shall receive eight (8) hours pay at their regular straight-time hourly rate when the holidays set forth in the NUMMI-UAW Collective Bargaining Agreement are observed on a temporary part-time employee's regularly scheduled work day, provided the temporary part-time employee has worked the last regularly scheduled work day prior to and next scheduled day after such holiday(s).

III Benefits

Temporary part-time employees are only entitled to such rights, privileges, compensation and benefits expressly provided under this Article, including the following provisions of NUMMI-UAW Collective Bargaining Agreement:

- a). Article XIX - Working Hours
- b). Appendix A - Lunch Period Agreement
- c). Article XVII - Wage

1. Temporary part-time employees will be provided life insurance coverage in the amount of \$3,000, and accidental death and dismemberment insurance coverage in the amount \$1,500. The Company will pay the premiums for coverage for any month in which the employee receives pay from the Company during that month. Such coverage begins on the first day of the first calendar month next following the month in which employment commences and ceases on the last day worked where employment is terminated.

2. Temporary part-time employee and eligible dependents will only be eligible for medical coverage under the Kaiser HMO Plan for Hospital, Surgical, and Medical. Temporary part-time employees, however, will not be eligible Prescription Drug, Dental, Vision, Hearing, or other health care benefits under the insurance programs. It is understood there will be no duplication of benefits because of coverage provided under the Company's insurance programs. The Company will pay the monthly premiums for the applicable coverage for each employee while they are at work. An employee is considered "at work" in any month the employee receives pay for time during the month. Such coverage begins on the first day of the ninth month of employment provided the employee is actively at work. Coverage ceases at the end of the month in which employment is terminated except in the case where the temporary part-time employee is offered and accepts employment as a regular full-time employee.

IV Terms and Conditions

1. It is agreed that the Monday, Friday Saturday Temporary Part-Time Employee (T.P.T.) Agreement will be implemented for a one year probationary period from the effective date of the agreement. Given that the Company uses the T.P.T. program for the agreed purpose it was intended, the program will continue through the term of the agreement. At the end of the one year probationary period, the program can be terminated if the Union can substantiate violations of the T.P.T. Agreement.

2. The number of Temporary Part-Time employees that can be used on Monday, Friday and Saturday will be determined by the actual number of absences that exceed the weekly average absences on Monday through Friday.

The T.P.T. calculation will be reviewed in advanced by the Chairman of the Bargaining Unit and the appropriate Company Representative on a monthly basis. The parties will determine the appropriate numbers by reviewing expected and historical absence levels. A mutually agreed number of Temporary Part-Time employees will be determined.

3. Temporary Part-Time employees will be used only for absenteeism in the following Departments: Car and Truck Assembly, Car and Truck Paint, Car and Truck Body Shop. In the event there is a lower than expected absenteeism level and there are extra Temporary Part-Time employees available, team members will be allowed to go home without any charges or penalty, in seniority order.

It is understood that T.P.T. employees will not be utilized to cover absenteeism in preferred areas.

4. In addition to providing the Company with additional manpower to compensate for excessive Monday, Friday and Saturday absenteeism, the T.P.T. program will provide that a Team Member who has an approved absence for Friday or Monday scheduled prior to a production Saturday being announced will not be forced to work Saturday and they will not be required to use a vacation day.

August 4, 2001

Mr. Arturo Torres
Chairman, Bargaining Committee
UAW, Local 2244
45201 Fremont Boulevard
Fremont, CA 94538

Dear Mr. Torres:

The following sets forth certain matters agreed to by side letters between the Company and the Chairman of the Bargaining Committee, UAW Local 2244.

A. Matters agreed to for Division II Team Members

During the recently concluded meetings with the UAW International Skills trade representative and members of the Bargaining Committee, the parties had detailed and extensive discussions on a number of subject matters pertaining to the skilled trades. During these discussions the Company and Union expressed concerns in certain areas.

In responding to these concerns, and to ensure more equitable and fair policies the Company clarified its current policies and practices in those areas. Those clarifications, designed to eliminate any potential for arbitrary actions, are listed below.

1) "Section" as defined in Article XXIX Paragraph 1 shall not pertain to Division II team members. Rather, for the purpose of Division II, Maintenance shall be organized into the following Sections.

a) Plastics

- i) General Maintenance
- ii) Tool and Die

b) Stamping

- i) General Maintenance
- ii) Tool and Die

c) Truck and Passenger Body and Weld

- d) Truck Paint
- e) Passenger Paint (North and South)
- f) Truck and Passenger Assembly
- g) Facilities

- 2) "Group" as defined in Article XXIX Paragraph 1 shall remain consistent for Division I and Division II team members. A group is that "area" which is included in a Section and is Group Leader responsible.
- 3) Overtime - The balancing of overtime shall occur in the following manner: Overtime will be balanced among those team members within a group who possess the skills, knowledge and qualifications to perform the necessary work. If there is more overtime than a Group can accomplish then the corresponding Groups on the opposite shifts will be utilized. In the event that the necessary work needs to be performed on a specific shift then the overtime will be offered to the team members on the shift within the section who are capable of performing the work.

Provisions contained in the Side Letter to the Collective Bargaining Agreement addressed to Mr. Nate Gooden (Paragraph 3 Balancing of Overtime - Clarification of Article XX Section 9 of the Agreement) shall remain in full effect.

- 4) Vacations - The scheduling of vacations for Division I and Division II team members shall remain consistent with Article XXII Section 2. Vacations shall be scheduled by the Group (i.e. 10% rule).
- 5) Team Leader Selection - For the purpose of the Team Leader Selection Procedure all groups contained within a section where the opening occurs shall be treated as one Group. As a result, preference will no longer be given to employees specifically assigned to the group where the opening occurs. All other provisions contained in Appendix D of the Collective Bargaining Agreement will remain in full effect.
- 6) Shift Preference - For the purpose of shift preferences, all groups contained within a section will be treated as one group.

For Example it would be possible for a team member who works in the South Paint Shop Group (ESM01C) who exercised a shift preference to be reassigned in the North Paint shop Group (ENM21C) provided they have the seniority and qualifications. All other provisions pertaining to shift preferences and transfers between shifts contained in Article XII Section 6 and Article XIII will remain full effect.

- 7) Transfers - Before an opening is declared and a requisition for manpower is submitted, Team members wishing to move from one group to another group within the same section will be given the opportunity to do so provided they have the seniority and qualifications.

Once the internal moves have been completed and a requisition is submitted the Company shall attempt to fill the opening utilizing the transfer list. Team Members from other sections who have made application to transfer will be surveyed and interviewed by seniority. Selection shall be made in accordance with Article XII Section 4 of the Collective Bargaining Agreement.

- 8) Manpower permitting, the Company and the Union agree to allow the Stamping Tool and Die team members who are willing to complete the required Plastics Tool and Die training that is offered to the apprentices the opportunity to fill openings within the Plastics Tool and Die. Such opportunity will be given prior to filling the openings with the graduating apprentices. Additionally, manpower permitting the Company agrees to allow Stamping Tool and Die Team Members the opportunity to train in Plastics Tool and Die.

Very truly yours,

Robert Ponsonby
Manager,
Team Member Relations

DATE July 28, 2001

TO: Arturo Torres, Chairman, Bargaining Committee

FROM: Robert Ponsonby, Manager, Team Member Relations

SUBJECT: Plastics Section

In a meeting held on 7/25/01, the NUMMI Plastics Section agreed to the following:

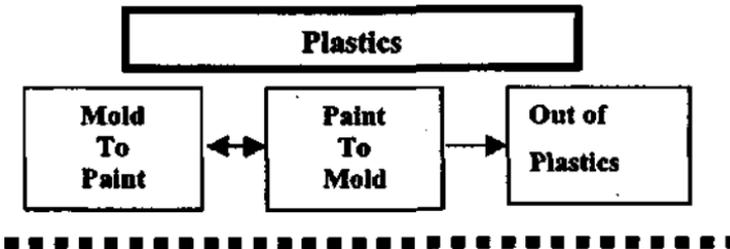
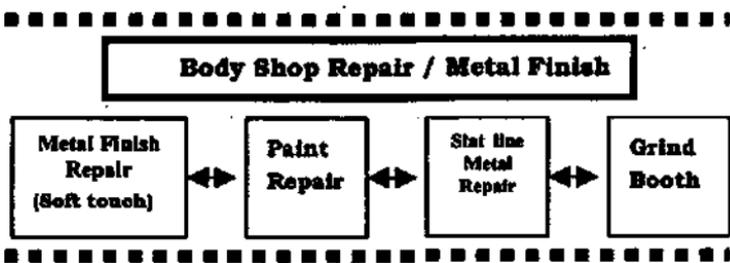
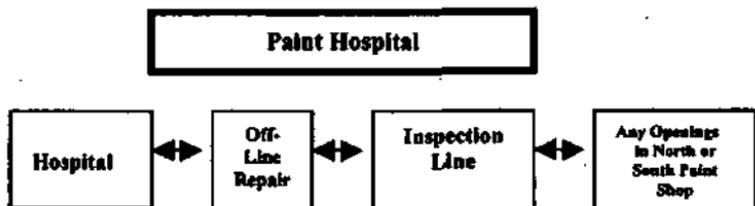
- A. Jobs will continue to be standardized with Group Leaders, Team Leaders, and Team Member Involvement.
- B. Safety Section members will determine the number of team members required in the paint mix room for safety purposes.
- C. Excessive paint on ground clips and jigs will be cleaned on a regular basis.
- D. Available Fascia paint work will be equalized between shifts as far as is practical.
- E. Repair or remove the rails that bind on dollies in the Truck Conveyance/overfender storage area.
- F. Safety Section will Train Team Members in conveyance on safe driving habits.

DATE: July 28, 2001
TO: Arturo Torres, Chairman, Bargaining Committee
FROM: Robert Ponsonby, Manager, Team Member Relations
SUBJECT: Stamping Section

In a meeting held on 7/17/01, the NUMMI Stamping Section agreed to the following:

- A. Stamping Management will assure that potential transferees into Stamping are shown all operations they will be required to do.
- B. A mutually agreeable Stamping transfer interview checklist will be developed.
- C. Openings on the Blanker will be filled first by the highest seniority employee within stamping requesting the position prior to any other team member being chosen. The team member selected will be given adequate training and a reasonable opportunity to perform the job successfully. Should a question arise as to the ability of the team member to perform the job, the Union and Company will meet to discuss an appropriate resolution.
- D. Stamping Management and the UAW will meet quarterly to review the Stamping Training schedule.
- E. Stamping Management will provide two (2) team rooms for stamping employees with tables and chairs.

Movement to/from Specific Groups, Paint, Body, and Plastics



These charts show the flow Team Members follow when moving in to these specific groups or when a reduction in force requires that Team Members move out of these specific groups. A reduction in force is defined as a reduction of fifteen (15%) percent or more.

Mr. Art Torres
Chairman, Bargaining Committee
UAW, Local 2244
45201 Fremont Boulevard
Fremont, CA 94538

Dear Mr. Torres:

This letter is to advise you of the procedures that NUMMI intends to follow regarding:

1. Representation by Alternate District Committeepersons: When a Committeeperson calls in an absence, the TMR Representative shall be responsible for notifying the floor to release the Alternate Committeeperson. When a Committeeperson is scheduled to be absent for vacation or Union Business, the TMR Manager shall ensure that the floor is notified to release the Alternate Committeeperson, usually by e-mail.
2. Daily Overtime: NUMMI will continue its current practice of announcing daily OT as early in the shift as possible, currently about one to one and one-half hours before the end of the shift in the Assembly shops. NUMMI commits to making reasonable efforts to expand this practice to the other shops (e.g. the Paint and Body shops).
3. Notice to the Union of Production Saturdays: NUMMI shall, whenever possible, give a two-week notice of Production Saturdays to the Chairman of the Bargaining Committee of his/her designee.
4. EAP Office: Company will provide an office appropriately furnished.

Very truly yours,

Robert Ponsonby
Manager, Team Member Relations

Mr. Art Torres
Chairman, Bargaining Committee
UAW, Local 2244
45201 Fremont Boulevard
Fremont, CA 94538

Dear Mr. Torres:

During the recently concluded negotiations, certain matters were agreed to between the Company and the Union concerning Division II Team Members.

1. It was agreed that monthly meetings between the skilled Trades Representative, the Manager of Training and the Vice President of Engineering will be held to ensure that the Division II Training schedule is being achieved. In addition, quarterly meetings between the Skilled Trade Representative, the Manager of Training, the Vice President of engineering, the sectional Maintenance Managers and District Committee persons will be held to review training for the next quarter.
2. The following example relates to article XXIX, Paragraph 4.1.

Targeted Head Count minus Actual Head Count plus
Retirements plus Attrition plus or minus Business needs plus
New Model Project minus Actual New Model Head Count minus
New Hire equals Apprentice Requirement

EXAMPLE	
Targeted head Count for 2005	= 350
Actual Head Count for 2005 (Projected)	= 375
	25 over head count
Retirements for 2005	= 10
	15 over head count
Attrition for 2005	= 20
	5 under head count
Business Needs	= +10
	15 under head count
New Model Project (required)	= 40
	55 under head count

Actual New Model project head count (in place)	= -50
Apprentice Requirements	5 required for apprenticeship program

The above example is intended for illustration purposes and is meant to portray a method for predicting the long range needs of the Company for division II Team members. The number of team members identified will be placed in the following year's apprenticeship class as long as Company training capacity allows. The Company retains the right to hire Division II personnel on an as needed basis.

The Company and the Union have agreed that the September 2001 meeting will not be needed and that 9 apprentices will be started in the April 2002 apprenticeship class.

Very truly yours,

Robert Ponsonby
Manager, Team Member Relations

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NOTES

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