



UAW Ford Report

September 14, 2006

Voluntary System-wide buyouts offer options for UAW Ford workers

Due to the extraordinary circumstances in the domestic auto industry, the UAW and Ford Motor Company have agreed to a special **one-time offering** of voluntary system-wide buyout packages for over 75,000 active UAW Ford hourly workers.

The goal of the buyout packages is to offer options for UAW Ford hourly workers, while allowing the company to improve its cost structure and competitive position in the marketplace.

The buyout packages include five options that have already been offered to UAW Ford hourly workers in certain locations, plus three additional options. The programs are available to all active UAW Ford workers, providing they meet eligibility guidelines for the specific program. Every active UAW Ford worker will qualify for at least one of the eight programs.

No UAW Ford worker will have his or her contractual rights compromised as a result of this program, and no worker will be involuntarily separated from Ford Motor Company.

The buyout packages are **voluntary**, and will offer options for UAW Ford hourly workers and their families.

Buyout packages are as follows:

1. Special Retirement Incentive (SRI): \$35,000 for workers electing retirement.

To be eligible, UAW Ford workers must have **one** of the following:

- 30 years of credited service, or,
- 55 years of age plus years of service totaling 85 or more, or
- 65 years old with at least one year of seniority.

2. Special Early Retirement (SER):

Eligible at age 50, with 10 years of credited service.

This option provides an **unreduced** life income benefit. Workers who elect this option who are younger than age 62 will receive a life income benefit based on years of service starting immediately, instead of receiving a reduced benefit until age 62.

3. Pre-retirement leave (PRLP)

Eligible with at least 28 years of credited service but less than 30 years. UAW Ford workers electing the pre-retirement leave option will be on leave from their work assignments and will receive 85% of their hourly pay until reaching 30 years of credited service.

During pre-retirement leave, UAW-Ford workers:

- Continue to accrue retirement credit
- Receive holiday pay at 85%
- Receive vacation pay at 100%, but two weeks must be held for vacation shutdown
- Are eligible for Christmas bonuses
- Will receive profit-sharing if available, based on eligible pay
- Continue to receive all insurance and benefits
- May continue TESPHE, Credit Union, FMCC, and other deductions
- Continue to be eligible for UAW membership and continue to pay union dues.

4. Special Termination of Employment (STEP)

Under this program, UAW Ford workers who agree to terminate their employment at Ford will receive a lump sum payment of \$100,000, minus applicable taxes, and basic medical benefits, less dental and vision, for six months. After six months, workers may continue health insurance at their own expense through COBRA.

Retirement eligible UAW Ford workers who select this option, must delay retirement until at least 23 months after the date of termination, and will receive any pension benefits for which they are eligible at that time, based on length of service.

5. Enhanced Special Termination of Employment (ESTEP)

Under this program, UAW Ford workers who agree to terminate their employment at Ford will receive a lump sum payment of \$140,000 minus applicable taxes. Benefits same as STEP program. To be eligible, an employee:

- must have at least 30 years of credited service under the Ford-UAW Retirement Plan, or
- Are at least age fifty-five (55) and have ten (10) years of credited service under the Ford-UAW Retirement Plan. Retirement may take place immediately, and workers who elect this option receive any pension benefits for which they are eligible at that time, based on length of service. Future post-retirement health care, however, is forfeited.

6. Educational Opportunity Program (EDOPP)

UAW Ford workers who select this option will receive up to \$15,000 of tuition a year for up to four years of paid college or vocational school and an annual stipend worth 50% of wages (minus COLA). Health insurance and other benefits continue during this four-year period, but pension credits do not accrue. Participants must enroll in school full-time (at least 12 credit hours per semester) and must maintain a "C" average to remain eligible.

At the end of four years, workers who select this option will terminate their employment at Ford.

7. Focused Education Opportunity Program (FEDOPP)

Similar to option #6 above, except that UAW Ford workers who select this option will receive two years of tuition payments, up to \$15,000 per year (instead of four years) and 70% of wages (minus COLA) instead of 50%.

8. Family Scholarship Program (FSP)

Retirement-eligible UAW Ford workers who elect this program agree to terminate their employment at Ford, and will receive an account totaling \$100,000, which can be used for approved educational expenses for their children or spouses. Funds will be taxed upon withdrawal. Withholding tax rates are as follows, 25% Federal, 7.65% FICA and applicable state taxes. Funds will be available for a 10 year period from the employee's date of termination. If the funds are not used within that period, they are forfeited.

Eligibility Dates: Eligibility dates for this offering are December 31, 2006 through August 31, 2007 (October 31, 2006 through August 31, 2007 at Atlanta Assembly) in order to allow eligible active employees to maximize their opportunity to grow in to one of the programs.

Eligible UAW Ford workers can apply for one of the packages above (with the exception of the Special Transfer Incentive) during an open window period of October 16, 2006 through November 27, 2006. The open window period at Atlanta Assembly will be September 19, 2006 through October 2, 2006.

UAW Ford workers who are otherwise eligible for one of the programs below can apply on a retroactive basis, if they have retired or exited the company between Sept. 1, 2006 and Nov. 27, 2006.

Employee separations will become effective on January 1, 2007 and end no later than September 1, 2007. (November 1, 2006 through September 1, 2007 at Atlanta Assembly).

UAW ACH workers: UAW Ford hourly workers at ACH facilities are eligible for all of the eight programs listed above. Eligibility dates for UAW Ford workers at ACH facilities will be from October 31, 2006 through August 31, 2007. Employee separations will become effective on November 1, 2006 and no later than September 1, 2007.

In addition, UAW Ford hourly workers at ACH facilities will have the right to return to UAW Ford locations in order to backfill job openings that are made available as result of participation in these voluntary buyout packages.

UAW Ford hourly workers who elect to transfer out of zone are eligible for a **Special Transfer Incentive (STI)**. It provides a payment of \$45,000, paid in three installments:

- \$10,000 after 30 days in the new location;
- \$15,000 after the first anniversary at the new location;
- \$20,000 paid on the second anniversary of the transfer.

Under the STI program, Enhanced Moving Allowance is *not* paid, but UAW Ford workers are eligible for Transfer or Layoff Moving Allowance.

This document is a summary of the agreement between the UAW and Ford regarding system-wide buyouts. In all cases, the actual language will apply. Further information regarding these options for UAW Ford workers will be made available to eligible employees at their respective worksites.