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Title: **Saturn Corporation and International Union, United Automobile Aerospace and Agricultural Implement Workers of America (UAW) Locals 1810 and 1853 (2000)**

K#: **4023**

Employer Name: **Saturn Corporation**

Location: **TN MI**

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

Local: **1810, 1853**

SIC: **3711**

NAICS: **336111**

Sector: **P**

Number of Workers: **6900**

Effective Date: **01/01/00**

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K# 4023

CCS = 6,900

**MEMORANDUM
OF
AGREEMENT**

42 035

**SATURN
and the
U.A.W.**



2000

Duration = 11/1/2000 - 12/31/2003

MEMORANDUM OF AGREEMENT

1. PREAMBLE

This Memorandum of Agreement (Agreement) is entered into between Saturn Corporation (Saturn), a wholly-owned subsidiary of General Motors Corporation (GM) and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (Union). Saturn and the Union have long recognized the need for a new approach to Union/Management relations and the more effective use of human resources in the manufacture of small cars in the United States. Since GM and the Union first met and authorized the establishment of a study center and the creation of the Corporation, the parties recognize that the global competitiveness in the auto industry has significantly increased. GM and the Union further recognize the necessity of further developing this innovative approach to Union/Management relations and the necessary staffing to accomplish our mutual objectives. General Motors, Saturn Corporation and the Union understand fully the necessity to successfully forge a renewed commitment to a cooperative problem solving relationship and demonstrate that a competitive, world class, quality vehicle will be developed and manufactured in the United States with a represented work force. It is in this renewed spirit of mutual respect and recognition of each other's stakes and equities that this Agreement is entered into and agreed upon.

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2. RECOGNITION

From the outset, Saturn has been and is, a joint effort of both Union and Management. The success of Saturn is fully dependent on its people. Hiring and retention of experienced, dedicated personnel is essential. It is recognized that the best source of such trained automotive workers is found in the existing GM-UAW workforce. Therefore, to insure a fully qualified workforce, a majority of the full initial complement of operating and skilled technicians in Saturn will come from GM-UAW units throughout the United States.

The UAW is recognized as the bargaining agent for the operating and skilled technicians within Saturn.

3. UNION REPRESENTATION DURING BRIDGING PERIOD

During any bridging period, the Vice President of the GM Department, UAW, will appoint representatives to work jointly with the Saturn organization. The International Union will charter separate Union locals to represent Saturn members.

4. UNION MEMBERSHIP AND CHECK-OFF

To the extent permitted by law, within ten (10) days after the thirtieth (30th) day following hire by Saturn, all bargaining unit members shall become and shall remain members of the Union to the extent of paying an initiation

fee and membership dues specified by the International Union.

Saturn will agree to provide for check-off of union dues and initiation fees. The Union will agree to indemnify Saturn with respect to any claims arising out of the check-off provisions.

5. CURRENT GM-UAW NATIONAL AGREEMENT

This separate, free-standing, Agreement will cover bargaining unit Saturn members. The provisions of the current or any subsequent GM-UAW National Agreement will have no bearing on Saturn unless adopted by agreement between Saturn and the Union.

6. SATURN PEOPLE PHILOSOPHY SUMMARY STATEMENT

We believe that all people want to be involved in decisions that affect them, care about their jobs and each other, take pride in themselves and in their contributions and want to share in the success of their efforts.

7. SATURN CORPORATION PHILOSOPHY

Fundamental to the Saturn philosophy is the shared belief that meeting the needs of people, customers, Saturn members, suppliers, retailers and neighbors is fundamental to fulfilling the Saturn mission.

8. MISSION

The mission of Saturn is to market vehicles developed and manufactured in the United States that are world leaders in quality, cost and customer enthusiasm through the integration of people, technology and business systems.

Consistent with being quality and cost competitive, a goal of Saturn is to utilize American-made components in assembly of its vehicles.

9. SYMBOLS

Saturn believes that symbols should be positive to promote our philosophy and culture. Saturn and the Union will strive to achieve positive symbols that minimize the differentiation between people in the elements of a successful organization, such as methods of pay, purchase of GM products, common cafeterias, parking, identification, entrances, lack of time clocks, etc. To the degree possible, recognizing the need to remain competitive, consistency of treatment for everyone (represented and non-represented) will be an important objective for Saturn.

10. STRUCTURE AND DECISION-MAKING PROCESS

The structure of Saturn reflects certain basic principles, e.g., recognition of the stakes and equities of everyone in the organization; full participation by the Union; use of a consensus decision-making process; placement of authority and decision-making in the most appropriate part of the organization, with emphasis on the Work Unit; and, free flow of information and clear definition of the decision-making process.

As guided by these principles, the organization will be structured in the following way:

Structure:

WORK UNIT MEMBER

The individual Saturn member.

WORK UNIT

An integrated group of approximately 8-12 Work Unit members.

WORK UNIT MODULE

A grouping of Work Units interrelated as to geography, product or technology.

BUSINESS UNITS

An integrated group of Work Units and Work Unit Modules representing common areas.

MANUFACTURING ACTION COUNCIL (MAC)

An integrated group of Business Units comprising the entire manufacturing and assembly complex, at a given site location.

TECHNICAL DEVELOPMENT ACTION COUNCIL (TDAC)

An Integrated Business Unit comprising the Advanced product and Manufacturing Engineering Functions, at a given site location.

STRATEGIC ACTION COUNCIL (SAC)

Will have particular concern for long range goals and health of Saturn, with particular emphasis on planning and outside interested parties, including retailers, suppliers, communities, stockholders, etc. Composition of the SAC will be determined with appropriate input from Saturn and the Union.

The Structure also provides for:

UAW WORK UNIT COUNSELOR

Will be elected by the members in the Unit or jointly selected by the Parties and will represent the Union and Saturn in the Work Unit; the current manner and process for such election will remain in effect until a mutually agreed upon selection process is established by the Parties. The Counselor is a working member of the Work Unit.

*Method
units?*

UAW COORDINATOR

Will be elected; the manner and process determined by the Union. The UAW Coordinator will serve as administrator of the Agreement on behalf of and for the Union.

UAW SKILLED TRADES UNIT ADVISOR

Will be elected; the manner and process determined by the Union. The UAW Skilled Trades Advisor will serve as administrator of the Agreement on behalf of and for the Union.

UAW BUSINESS UNIT ADVISOR

Will be elected at large; the manner and process for such election to be determined by the Union. The UAW Business Unit Advisor will serve as administrator of the Agreement on behalf of and for the Union.

UAW MAC ADVISOR

Will be elected at large; the manner and process for such election to be determined by the Union. The UAW MAC Advisor represents the Union and its members as part of the MAC consensus decision-making body. The UAW MAC Advisor serves as the highest local administrator of the Agreement, and as a communication link with the UAW SAC Advisor.

UAW TDAC ADVISOR

Will be elected at large; the manner and process for such election to be determined by the Union. The UAW TDAC Advisor represents the Union and its members as part of the TDAC consensus decision-making body. The UAW TDAC Advisor serves as the highest Local

administrator of the Agreement, and as a communication link with the UAW SAC Advisor.

UAW SAC ADVISOR

There will be Union representation on the SAC selected by the Union. The manner and process of such selection will be determined by the Union.

Function:

Saturn will be unique in the manner in which the basic building blocks, the Work Units, will operate. Consensus decision-making will be utilized with a strong focus on both current and near term decisions. These Work Units will be self-managed; integrated horizontally and reflect synergistic group growth. These Units will have responsibilities to manage such functions as producing to schedule, producing a quality product, performing to budget, housekeeping, health, safety and ergonomics, maintenance of equipment, material and inventory control, training, job assignment, repairs, scrap control and absenteeism. They will hold meetings, obtain supplies, keep records, seek resources as needed, and be responsible for their job preparation. They will constantly seek improvement in quality, cost and work environment.

The Work Unit will also be responsible for the planning and the scheduling of the work and communications within and outside the group.

The Module will be responsible for selection decisions for acceptance into the Work Units. Appropriate criteria will be used in making such decisions

by utilizing a hiring team consisting of both represented and non-represented module leadership and elected union representation.

The Business Unit will do advanced planning for resources both short and near term. The Business Units will be composed of all Work Unit Advisors. The Business Units will determine the resources needed by the Work Units, including administration, engineering, materials, financial, etc.

The Manufacturing Action Council (MAC) will be responsible for living the Saturn philosophy to insure success of the mission. It will provide the resources needed by the Business Units on a timely and cost effective basis.

In addition, the MAC will represent and protect the interests, stakes and equities of the Business Units and the Work Unit members, coordinate the activities of and provide information to the Business Units, appraise the performance of the entire organization, and serve as a link to Saturn as a whole.

The Technical Development Action Council (TDAC) will be responsible for living the Saturn philosophy to insure success of the mission. It will provide the resources needed by the Business Unit on a timely and cost effective basis.

In addition, the TDAC will represent and protect the interests, stakes, and equities of the Business Unit and the Work Unit members, coordinate the activities of and

provide information to the Business Unit; appraise the performance of the entire organization, and serve as a link to Saturn as a whole.

The Strategic Action Council (SAC) will undertake the strategic business planning necessary to assure the long-term viability of the enterprise, and will be responsive to the needs of the marketplace relative to quality, cost and timing. The SAC will obtain, maintain, and replace the resources necessary to meet the mission in concert with the philosophy. It is charged with creating the environment, facilities, tools, education and support systems which will enable Saturn members to perform their responsibilities.

11. CONSENSUS GUIDELINES

The structure described in Section 10 is intended to make the Union a full partner in Saturn. The consensus technique is the basic support methodology for Saturn decision-making and conflict resolution processes. The parties agree that the consensus process, as outlined below, is the primary method for making decisions and resolving disagreements.

In the context of Saturn's philosophy and mission, decisions and disagreements will be resolved within the following guidelines:

- Resolution is achieved through the joint efforts of the parties in discovering the "best" solution.

- The solution must provide a high level of acceptance for all parties.
- Once agreement is reached, the parties must be totally committed to the solution.
- Any of the parties may block a potential decision. However, the party blocking the decision must search for alternatives.
- In the event an alternative solution is not forthcoming, the blocking party must reevaluate the position in the context of the philosophy and mission.
- Voting, "trading" and compromise are not part of this process.
- The joint effort is aimed at discovering the best decision/resolution within the context of Saturn's philosophy and mission while, at the same time, satisfying the stakes and equities of all major stakeholders.

12. SATURN CONFLICT RESOLUTION PROCEDURE

There is a four-step problem-solving procedure, the last step of which involves final and binding arbitration. Conflicts may be reinstated in those instances where the International Union, UAW, by its Executive Board, Public Review Board, or Constitutional Convention Appeals Committee finds the conflict was improperly resolved by the Union or the Union representative.

SATURN CONFLICT RESOLUTION

	MANAGEMENT	UAW	PROCESS
Step 1			<ul style="list-style-type: none"> • Discuss • Seek consensus using conflict resolution model • Obtain resources assistance as required • Discuss with other advisors as necessary
Step 2	<ul style="list-style-type: none"> • Member • Work Unit • Work Unit Coordinator • Module • Advisor 	<ul style="list-style-type: none"> • UAW MAC Advisor • UAW Coordinator • UAW Business Unit Advisor • UAW MAC/TDAC Advisor 	<ul style="list-style-type: none"> • Timely meeting • Seek consensus using conflict resolution model • Obtain resources as required • If unresolved issue put in writing by UAW Coordinator or UAW Business Unit Advisor or UAW MAC/TDAC Advisor • If unresolved - Management issues written narrative
Step 3	<ul style="list-style-type: none"> • Operations Module Advisor • Crew Leader • Ops/Engineering Maintenance Leader • People Systems 	<ul style="list-style-type: none"> • UAW Business Unit Advisor • UAW Skilled Trades Unit Advisor • UAW TBAC Advisor • UAW MAC Advisor • Regional Representative 	<ul style="list-style-type: none"> • Timely meeting • Obtain resources as required • Seek consensus using conflict resolution model • If unresolved - both parties issue written positions
Step 4	UAW / GM DEPT UMWTRK STAFF		<ul style="list-style-type: none"> • Impartial employee selected • Cost shared • Issue presented • Decision final and binding

13. EQUAL EMPLOYMENT OPPORTUNITY

The philosophy and mission of Saturn are designed to be in full and complete compliance with the legal and moral principles of equal opportunity in employment. Accordingly, Saturn, the Union, and each and every member of Saturn pledge to treat all persons equally without regard to their race, color, religion, age, sex, national origin, disability or sexual orientation:

14. RECRUITMENT AND SELECTION

The Saturn organization will require people who can fully commit to the philosophy and effectively contribute to its mission. Both parties recognize the critical importance of a process for recruitment and selection which accurately and objectively assesses candidate qualifications. The complexity of such a process supports the establishment of a joint team to work on the development and ultimate implementation of such a process in accordance with guidelines to be established by the parties. In this regard, because of the qualifications and experience of the current GM-UAW workforce, they will be the primary source for the initial complement, up to full capacity, of operating and skilled trades technicians. The parties will actively recruit GM-UAW employees (active and inactive), including communications emphasizing the exciting and unique opportunities available in the Saturn culture. It is understood that Saturn membership is conditional on meeting established recruitment and selection criteria.

The Saturn philosophy requires a dedicated and committed workforce. Accordingly, no active or inactive UAW-represented GM employee will be required to become a Saturn applicant, nor will such employee's refusal of an offer of employment by Saturn impact the employee's benefits under the GM-UAW National Agreement.

15. ORIENTATION

The Saturn organization will jointly develop and administer the pre-hire and post-hire orientation programs for prospective and selected members.

16. TRAINING

The success of Saturn in meeting its mission in an internationally competitive environment is dependent upon the continuous development and implementation of new tools, methods and cutting edge technology. Training and education provide the tools necessary for all Saturn team members to meet these ongoing challenges, and programs to meet these goals will be jointly developed and administered. To help assure Saturn's long-term viability, jointly developed competency-based training of all Saturn members is mandatory.

17. JOB DESIGN

In keeping with the Saturn mission and culture, each Work Unit will have the responsibility and authority to produce quality products to schedule at competitive costs. The Units will have responsibility for both direct and indirect work, including training, housekeeping, provision for relief, etc. Individual jobs will be designed with the appropriate resources to develop the optimum balance between people and technology, taking into account health, safety and ergonomic issues, with ongoing responsibility to determine methods to become more competitive.

18. PLANNING AND RELIEF

Job content within the Work Units will be designed to include both direct work and indirect work. Therefore, it is expected that Work Units will be able to handle the personal relief needs of individual Saturn members.

19. CLASSIFICATIONS

Saturn will have a job classification structure for represented members that has the classification of "Operating Technician" to which other than skilled trades members will be assigned, and seven additional classifications to which all skilled trades members will be assigned as identified below:

- Tool & Die
- Machine Repair
- Electrical

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- Stationary Engineer
- Assembly Layout (TDAC only)
- Model Maker (TDAC only)
- Model Maker Leader (TDAC only)

20. LENGTH OF SERVICE

New Saturn members will establish a Length of Service date by site location effective with their date of hire. Length of service will be used as a tie-breaker in those unusual situations where competing members are equal in all respects; and, as a trigger point for compensation progression or specifically negotiated benefit coverage.

21. JOB SECURITY

Saturn recognizes that people are the most valuable asset of the organization. It is people who develop new technologies and systems, and people who make these systems work in order to meet Saturn's mission. Accordingly, those Saturn members who are eligible for job security, as defined below, shall not be laid off except in situations which the SAC determines are due to unforeseen or catastrophic events, or severe economic conditions. In the event former GM employees (active or laid off) who are required to quit to become Saturn members are laid off because of such events or conditions, the parties will discuss the matter in an attempt to effect an equitable solution, such as separation

payments; return to General Motors or reinstatement of GM recall or rehire rights.

A Saturn member will have permanent job security eligibility if either of the following applies to that member:

- The member quit while an active GM-UAW employee or was hired while on layoff with recall or rehire rights from a GM-UAW unit in the U.S. to join Saturn as part of the full initial complement of operating and skilled technicians in Saturn; or
- The member is, at any point in time, among the 80% of Saturn members with the longest Saturn Length of Service by site location.

Saturn recognizes the desirability of regular employment and will attempt to avoid laying off members not eligible for job security. In the unlikely event of a layoff at a site location, members will be laid off and recalled by Saturn Length of Service.

22. REWARD SYSTEM

The reward system in Saturn will recognize certain critical elements including the mission and philosophy, the necessity that Saturn be profitable and the principle of risk and reward.

Three basic elements are recognized: base compensation, risk/reward and benefits.

Base Compensation

Saturn members' base compensation is established on an annual salary basis, and they will be paid semi-monthly on the 15th of the month and the last day of the month.

The base compensation for Saturn members was adjusted to 95% of straight time base wages of UAW/GM compensation rates. Base compensation will remain at this level until the complete phase-in of risk/reward. Thereafter, base compensation may be adjusted periodically based on such factors as the general state of the economy, inflation, the competitive situation, etc., by approval of the SAC.

Quarterly Payments

In addition, during the phase-in of risk/reward, a sum will be calculated quarterly reflecting the remaining economics received by a comparable GM/UAW employee including COLA. The total sum generated through this calculation will be distributed to members on a quarterly basis.

Risk/Reward

In addition to the base rate, risk will be 5% and will be paid semi-monthly. It will be based on factors such as:

- a. Performance to Objectives of Saturn and Individual Business and Work Units;

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- b. Achievement of specific objective productivity targets;
- c. Saturn sharing formula through which profits will be shared above a specified level of return to Saturn;
- d. Quality bonus based on World Class Levels.

The risk/reward system will be designed to provide attainable goals which, if met, will provide compensation equivalent to that earned by comparable employees in GM. Performance above or below those goals would provide greater or lesser compensation than comparable employees in GM.

Hire Rates and Progression

Operating Technicians

Former GM employees who were hired while on layoff with recall or rehire rights at any GM plant(s) or quit to become Saturn members shall receive an initial base rate at the same relative position to the maximum base rate the employee had attained under the GM-UAW National Agreement. Thereafter, they will progress in accordance with the Hire Rate and Progression Chart (Attachment #1).

Former GM employees who did not possess recall or rehire rights at any GM plant as of the date they become Saturn members and new members who have not previously worked for GM will hire in and progress as reflected in Attachment #1.

23. WORKING HOURS

To fulfill the objectives of the Saturn philosophy and mission, it will be necessary to have flexible hours of work that meet the needs of the individual as well as Saturn.

24. HOLIDAYS

Saturn will observe the following paid holidays and all other Holidays as outlined in the 1999 GM-UAW National Agreement and other holidays as determined by the SAC:

- Martin Luther King Day
- Good Friday
- Monday after Easter
- Friday before Memorial Day
- Memorial Day
- Independence Day
- Friday before Labor Day
- Labor Day
- Election Day
- Veterans Day (Observance)
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Holiday Period

25. VACATIONS

Vacation with pay will be based on combined Saturn and GM Length of Service.

Length of Service Vacation Entitlement

Less than 3 years	80 hrs.
Three but less than five years	100 hrs.
Five but less than ten years	120 hrs.
Ten but less than fifteen years	140 hrs.
Fifteen but less than twenty years	160 hrs.
Twenty or more years	200 hrs.

Vacation schedules must be planned ahead and coordinated within each Work Unit.

Unused vacation balances of 40 hours or less (80 hours or less beginning in 2002) will be paid in lieu. Unused vacation balances in excess will be forfeited.

Saturn may schedule a shutdown of operations for vacation purposes. Saturn members entitled to vacation must schedule their vacation during this shutdown period. It is understood that necessary members may be scheduled to work during the shutdown.

26. SHIFT ASSIGNMENTS IN SATURN

The Saturn philosophy emphasizes equality among all members and the shared sense of belonging to a successful operation in which everyone has common needs and goals. Accordingly the rotating shift approach has been implemented by the parties. The feasibility of introducing fixed shifts or other options will be examined by the parties and presented for consideration by the appropriate Action Council.

27. PERSONAL ABSENCE/LEAVES OF ABSENCE

Absenteeism affects the commitment to Saturn and places an unnecessary burden on fellow team members. Accordingly, programs will be developed to discourage absenteeism and to encourage regular attendance. Provision will be made for both paid and unpaid leaves of absence.

28. CODE OF CONDUCT

The code of conduct for Saturn is established in its mission and philosophy statements, which set forth the basic operating principles of the organization. Actions or behavior that are contrary to these principles may be subject to the Saturn Consultation Process, which will be established by the parties and set out in the Agreement. If counseling and attempts to modify behavior prove ineffective or in instances of severe misconduct, Saturn

may initiate disciplinary action or discharge. Complaints concerning discipline, or discharge must be filed within three (3) working days of the action to be valid.

29. SATURN CONSULTATION PROCESS

The Consultation Process will include three formal stages: (1) Amber Zone, (2) Red Zone, (3) Decision Day. Members in the Consultation Process will be offered Union Representation to ensure a fair equitable process. In situations where any member's conduct or attitude is adversely affecting the Work Unit, initial corrective action will concentrate on consultation, guidance and review. Such assistance does not affect the basic principle that the individual member is responsible for his/her behavior. The parties agree to work toward a variety of approaches to be followed in the attempt to encourage the member to become a full participant in the unit.

30. STRIKES, STOPPAGES AND LOCKOUTS

The philosophy and mission of Saturn and the unique culture created in the work environment are opposed to unauthorized lockouts, strikes, work stoppages, sit-downs, slow-downs, curtailment of work, restriction or interference with production or facilities, picketing, or similar activities. Further, the parties hereby pledge that no lockouts or strikes will be authorized without full and complete compliance with the Procedure to Modify the Agreement contained herein.

31. BENEFITS HSMD

The basic approach to HSMD will be provision for a closed panel, either HMO or PPO. Medical, dental, vision, hearing and prescription drugs will be provided at HMO or PPO levels comparable to similar provisions in the current GM-UAW Agreement. Saturn UAW new hires that are not GM-UAW transfers will automatically be enrolled, if available, into an HMO for a minimum of 48 months after date of hire.

Saturn will negotiate coverage with providers to assure quality care at reasonable cost.

There will be a careful review to determine the feasibility of establishing an on-site or adjacent medical/wellness clinic as a provider to deliver services such as:

- In-plant medical service;
- Routine service for Saturn members and dependents;
- Employee/dependent physicals;
- Wellness/rehabilitation programs.

All Saturn members would be provided coverage at date of hire.

Retirement Plan

Saturn members will participate in a retirement plan under which individual accounts will be maintained for each member. The funding of such retirement accounts will be at the rate of 8% of the 100% straight time wages of comparable UAW/GM compensation rates.

The value of such accounts will be determined by the contributions and earnings on the funds invested by Saturn for each individual member.

Saturn contributions, and earnings thereon, will vest in 5 years. Combined GM and Saturn credited service will be taken into account for purposes of determining vesting.

At retirement, Saturn members would be given the choice of receiving their Saturn Account balance in a single cash payment or in the form of a lifetime monthly retirement benefit.

Former GM employees will receive benefits under the GM plan for credited service at the time of transfer to Saturn. Benefits under the GM plan would be based on pension rates in effect at the time of retirement from Saturn.

Individual Savings Plan

An individual savings plan will be offered under which any Saturn member can contribute up to 25% of eligible earnings.

S&A - Extended Disability Benefits

All Saturn members will be eligible for Sickness and Accident benefits the first day after disability commences. Sickness and Accident benefits percentages are based on Ninety percent (90%) of the straight time wages of comparable UAW/GM compensation rates. For the first 30 days team members will be paid the full rate, 80% for the next 30 days of the same disability; and 60%

thereafter for up to one year from the initial date of disability. In no event will disability pay exceed combined GM and Saturn credited service.

Extended Disability Benefits will be paid at a rate of 60% for a period equal to combined GM and Saturn credited service of less than 10 years. Saturn members with 10 or more years of combined credited service will be eligible for 60% until they reach eligibility for un-reduced social security benefits.

Life Insurance Benefits

Saturn believes it is important to plan for the security of survivors, a responsibility that is shared through the insurance plan. In the case of death, the beneficiary named by the Saturn member will receive benefits from the plan according to the level of coverage as follows:

- a. Saturn will provide 2.0 times the 90% level of straight time wages of comparable UAW/GM compensation rates from the date of employment as a member.
- b. Each member may purchase additional coverage at special rates in multiples up to five (5) times base compensation through payroll deduction.
- c. Optional dependent coverage of up to \$35,000 for spouse and \$14,000 for each dependent child is also available at special group rates.

32. COMPONENTS MANUFACTURING

Many decisions are yet to be made regarding the integration of the Saturn complex which were reviewed and discussed during the Agreement process. As these issues arise in the future, the parties agree to review the specifics of the component part(s) being considered to determine if Saturn can be competitive in quality and cost.

33. PROCEDURE TO MODIFY THE AGREEMENT

Once an Agreement is ratified and becomes effective, it will remain in full force and effect unless modified by the parties. However, in the event the parties wish to conduct formal negotiations on an entire Agreement once a full complement of members has been hired, such negotiations will be concluded no later than six months after the commencement of steady state as described herein. The parties are specifically empowered to make mutually satisfactory modifications, additions or deletions to the Agreement which are in line with the philosophy and mission of Saturn on an ongoing basis. In the event either party is unable to secure agreement on a modification(s) it desires, such party may institute this Procedure to Modify the Agreement.

A. Notice of Request to Modify the Agreement

The party seeking the modification(s) will furnish the other party a written Notice of Request to Modify Agreement in the form of a letter from the UAW SAC Advisor to the Vice President People Systems in the case

of the Union, or vice-versa in the case of Management, listing the provision(s) the party wishes to modify or cancel and/or briefly describing any new provisions it may wish to negotiate. Thereafter, the parties will meet on this request and attempt to resolve the issues using the principles of conflict resolution.

B. Notice of Intent to Lockout or Strike

If after thirty (30) calendar days from the date the Request is received, the parties are unable to reach consensus, the initiating party for Saturn Corporation or the UAW SAC Advisor for the Union may serve a written Notice of Intent to Lockout or Strike in the same manner as described in "A" above. Thereafter, if a satisfactory agreement is not reached after negotiations for five (5) working days from receipt of this Notice, the moving party may initiate its action.

34. RATIFICATION

Provisions for ratification and notice thereof will be provided.

COMMITMENT OF PARTIES

Saturn and the Union acknowledge that the matters set out in this memorandum are neither all inclusive nor complete. The parties acknowledge that in arriving at this Agreement, additional matters have been extensively discussed and serve as the UAW/Saturn Guiding Principles for the parties to follow in fulfilling the mission

of Saturn, and in their relationships with each other. It is the intention of the parties to rely upon those principles to provide guidance for future agreements.

INTERNATIONAL UNION, UAW

Stephen P. Yokich
Richard Shoemaker
Ken Terry
Bobby Lee Thompson
Harold Cox
Gary Casteel
Earnest Emery

UAW LOCAL 1853

Ron Hankins
Jeep Williams

UAW LOCAL 1810

Dennis Rowe
Bryan Czape

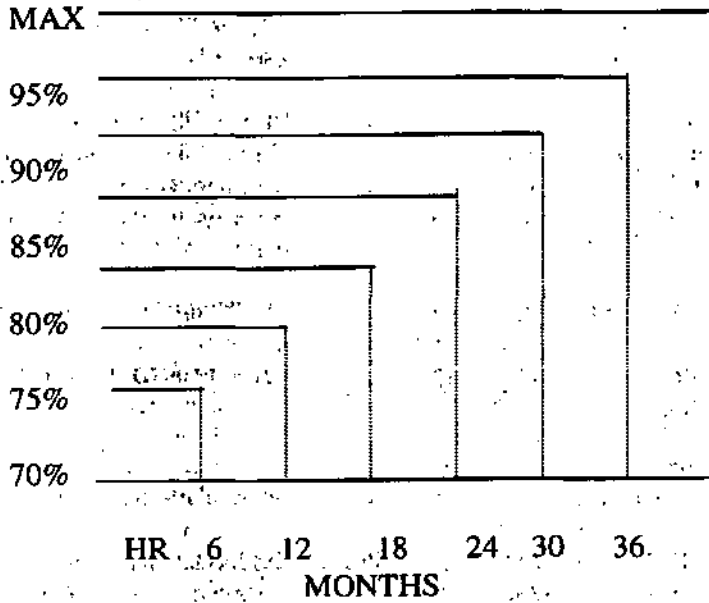
SATURN CORPORATION

Gary L. Cowger
Brian G. McClelland
Dennis G. Finn
Daniel T. Koenn

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Attachment #1
Reward System

Hire Rate and Progression
Operating Technician



December 12, 1999

Ms. Cynthia Trudell
President, Saturn Corporation
100 Saturn Pkwy., P. O. Box 1500
Spring Hill, TN 37174

Dear Ms. Trudell:

This letter is to reconfirm the support that the International Union, UAW, has for the Saturn Corporation. The parties recognize that the Corporation is marketing vehicles in a highly competitive market. As such, the job security of Saturn members is defined by the success that Saturn achieves within this market.

The Union continues to be fully committed to key fundamental principles which enhance the Corporation's success capabilities. These commitments include a full and active support of the partnership; maximization of programs that enhance the safety and well being of Saturn members, all efforts to make cost per car reductions to world class levels, and the requirement that continuous improvement be institutionalized and made effective in the day to day manufacturing operations.

The International Union looks forward to the continued success of the Saturn Corporation, it's UAW members, and above all, enthusiastic customers that become Saturn family members through their ownership of Saturn cars that are world leaders in quality, cost, and customer satisfaction.

Sincerely,

Richard Shoemaker
Vice President and Director
UAW General Motors Department

December 9, 1999

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

Attention: Mr. Richard Shoemaker
Vice President and Director
General Motors Department

Gentlemen:

In the spirit of the recent negotiations, the General Motors Corporation, Saturn Corporation and the Union have recognized and agree to and re-commit to the Saturn Mission and Philosophy laid down in the Memorandum of Agreement as it pertains to the future marketing, development, and design of product and processes, and the sourcing of any Saturn components. Further, it is understood all mutual practices, procedures, understandings, staffing and Agreements remain in full effect. Problems or issues arising out the course of these events will be resolved as outlined in the Memorandum of Agreement with the overriding principle of the Mission and Philosophy applying.

Sincerely,

Brian G. McClelland
Vice President
People Systems

BGM/tlw

BLS
FILE COPY

December 14, 1999

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

ATTENTION: Mr. Richard Shoemaker
Vice President and Director
General Motors Department

Gentlemen:

During the course of negotiations with the Saturn Corporation, it was agreed that certain General Motors employees who become Saturn members during the term of the 1985, and any subsequent Saturn Agreement and who have 10 or more years of credited service under The General Motors Hourly-Rate Employees Pension Plan will be provided with post-retirement health care and life insurance coverages under the GM-UAW Agreement in effect at the time the employee retires from Saturn Corporation.

Such post-retirement coverages would be provided if any of the following conditions are met at retirement from Saturn:

1. The Saturn member has attained age 60.
2. The Saturn member has attained age 55 but not age 60, and the total of the member's age and the member's combined years of GM and Saturn service (to the nearest 1/12 in each case) is 85 or more.
3. The Saturn member has 30 or more years of combined GM and Saturn service.

Very truly yours,

GENERAL MOTORS CORPORATION
Gary L. Cowger
Vice President

December 12, 1999

Mr. Richard Shoemaker
Vice President and Director
UAW General Motors Department
8000 East Jefferson Avenue
Detroit, MI 48214

Dear Mr. Shoemaker:

Saturn and the Union recognize the need to have certain UAW positions within Saturn appointed by the Union. As such, appropriate positions will be identified by the SAC and appointments jointly selected will be approved by the International Union SAC officer. Individuals selected and approved for these positions will be held accountable within their capacities to fulfill the stakes and equities of the UAW and Saturn Partnership.

Any problems relating to the implementation of this letter may be raised by either Saturn or the Union, and it is understood that any necessary modification may be made by consensus agreement between Saturn and the Union.

Sincerely,

Brian G. McClelland
Vice President
People Systems

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December 8, 1999

Mr. Richard Shoemaker
Vice President and Director
General Motors Department
International Union, UAW
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Shoemaker:

Per our discussions, and in accordance with Article 5, current GM/UAW National Agreement of this Memorandum of Understanding, the relocation allowance specified in Paragraph (96a)(2)(b) of the 1999 GM-UAW National Agreement applies to Saturn UAW members who may be employed into Saturn from GM-UAW in the future.

In addition, Paragraph (96a)(3) (repayment of TRA Benefits) of the 1999 GM-UAW National Agreement applies to said members.

Brian G. McClelland
Vice President
People Systems

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December 8, 1999

Mr. Richard Shoemaker
Vice President and Director
General Motors Department
International Union, UAW
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Shoemaker:

Effective 1/1/2000, Saturn will establish a VEBA Trust fund to provide for post retirement health care for non-grandfathered Saturn members. Funding will be established at 2.8% of base salaries of non-grandfathered members for calendar years 2000 and 2001. The funding rate will be increased to 3.0% beginning in calendar year 2002 and to 3.2% beginning in calendar year 2003.

Eligible participants will include non-grandfathered retirees and surviving spouses. Saturn members who were previously employed at GM under the GM/UAW Hourly Pension Plan must meet eligibility requirements as otherwise provided under GM/UAW provisions for retiree health care. Saturn non-grandfathered members who did not previously work at GM under GM/UAW Hourly Pension Plan must retire at age 60 or more with 10 years credited service to be eligible for VEBA Trust retiree health care benefits.

Coverage provided from the VEBA Trust for retiree health care coverages will be comparable to active Saturn members health care provisions including medical, surgical, drug, vision and dental under the traditional, PPO and HMO options.

Saturn and the UAW agree that funds within the Individual Medical Benefit Account, the Group Medical Benefit Account and the VEBA Trust applicable to members who transfer to GM and become eligible for GM retirement health care shall be forfeited and used to offset future contributions to the VEBA Trust.

The VEBA will be established in a manner satisfactory to both parties, and will be jointly administered as agreed to by the parties.

Sincerely,

Brian G. McClelland
Vice President
People Systems

July 23, 1985

Mr. Alfred S. Warren, Jr.
Vice President
General Motors Corporation
General Motors Building
Detroit, Michigan 48202

Dear Mr. Warren:

This will confirm that the discussions regarding the proposed Memorandum of Agreement between Saturn Corporation and the International Union, UAW, I advised you of the following:

The UAW views Saturn as a special project designed to maintain small car production with a high degree of domestic content in the United States that will provide jobs having compensation and benefits which will maintain the standard of living now enjoyed by our members.

The UAW considers the proposed Memorandum of Agreement as a "special case" because it is specifically designed as an integral part of the Saturn approach.

Therefore, the UAW does not consider this Memorandum of Agreement as a precedent regarding the Union's policy at any other facility, including those at General Motors.

Sincerely,
Owen Bieber
President