

Summary

Proposed Agreement

between

United Steelworkers

Local Unions 7, 138, 310, 884, 998 and 1055.

and

Bridgestone/Firestone Company

Master Agreement

Covering plants in Akron, Ohio; Noblesville, Ind.; Des Moines, Iowa; Russellville, Ark.; La Vergne, Tenn., and Oklahoma City.

April 2007



INTRODUCTION

We began negotiations in June of 2006. Our goal was to negotiate an equitable agreement that protected our retirees' security, secured our future and preserve the economic lifestyles of our members.

Our aim was to do that in a timely manner preferably before expiration of the 2005 Agreements. Unfortunately events beyond our control made that impossible.

While we sought to be designated as the pattern-setting Company, BFGoodrich was instead selected by the Policy Committee. Unfortunately the Company chose to use this fact to delay bargaining with us in any meaningful way. They instead insisted that they needed to review a completed Goodrich Agreement before they could proceed. The Company further complicated things by insisting that they would not extend the existing agreement beyond July 23, 2005, unless we agreed that the job security provisions of the old agreement no longer applied. This meant that the Company was demanding that we abandon our brothers and sisters in Oklahoma before bargaining even began. When we refused to do this, the Company announced it would no longer honor the dues checkoff provision and would not arbitrate any grievance which arose after July 23rd.

To further complicate things the Company announced its intent to close the Oklahoma City facility by December of 2005. These events added additional issue, i.e. the resolution of these grievances and the fate of our Oklahoma brothers and sisters to our already crammed agenda.

When Goodrich settled on July 25, 2006, we were hopeful that our negotiations would proceed quickly. That was not to be. Instead the Company announced that they needed an additional delay while Goodyear negotiations were being finalized.

We believed that the Company's intent was to break our spirit, demoralize the membership and then cherry pick the two agreements. We were determined that this would not happen. Thanks to your solidarity and support it did not.

On April 3, 2007, we reached a tentative agreement with Bridgestone/Firestone. We believe it is superior to either of the other agreements. It preserves COLA, increases the pension multiplier and preserves affordable, quality health insurance for our members and retirees. We now submit the agreement to you for your consideration.

ECONOMICS

TERM OF THE AGREEMENT

The proposed Agreement is effective upon ratification and would expire on July 18, 2009

WAGES

The proposed agreement protects the wage rates of all current employees. The existing wage rates continue to apply to all current non-supplemental employees regardless of job movement. Current supplemental workers and newly hired employees will be converted to "new hire" employees. Current supplemental workers receive credit for all service with the Company and the existing supplemental worker program is eliminated.

Under the proposed agreement, a five-tier wage level has been developed for each plant. These tiers vary from plant to plant but result in a net 17 percent wage reduction from existing wages. These tiers apply only to "new hire" employees.

NEW HIRE EMPLOYEES

As stated earlier, the supplemental employee program has been eliminated and replaced by a new hire program. Under this program, existing supplemental workers are converted to new hires and receive seniority credit for all service. For the first three years of employment a new hire will be paid \$13 an hour and 70 percent of any COLA payments for tire plants. Any former supplemental worker whose rate exceeds \$13 will be red circled. In Akron the new hire rate will be \$11. For Noblesville and Russellville, the rate will be \$11.50. After one year of employment, new hires will be covered by the new hire medical benefit program. After two years of employment, the employee becomes eligible for military pay, jury duty pay and unpaid funeral leave. Upon attaining three years of service, the employee will become entitled to the new rate applicable to his job, becomes covered by Article IV and is able to bid on job openings, receives one week of paid vacation and will receive 100 percent of COLA payments if he holds a Level 3, 4 or 5 job. Upon attaining five years of service, the employee becomes a regular employee and is entitled to full contractual benefits.

COLA

During the last decade medical costs for retiree coverage have skyrocketed. Under our agreement employees who retired on May 1991 or thereafter were protected from having to pay medical premiums until July 1, 2007. During negotiations the Company announced its intent to implement medical premiums effective July 1, 2007. The costs of those premiums would have been devastating to our retirees. Rather than let this happen, we took action (consistent with the rest of the industry) to help protect them.

If the agreement is approved, this is what will happen. The first dollar of COLA beginning October 2 will not be paid, rather it will be used to help defray the cost of retiree insurance. Provided the \$1.00 has been diverted, the October 2007, January 2008, April 2008 and July 2008 COLAs will be applied to all wage rates at the applicable percent-

ages. Provided the \$1.00 has been diverted, the three COLAs for January, April and July 2009 will be paid as follows: for all non “new hire” employees, these COLAs will be made in a single payment calculated as follows:

1. The employee’s previous 12 months straight time hours worked multiplied by the COLA increases, and
2. The employees previous 12 months time and one-half hours worked, double-time hours worked multiplied by 150 percent of the COLA adjustment.
3. Employees otherwise eligible for a single payment, but not active on the effective date of the payment, will receive the payment after returning to the active payroll for a period of 30 days, provided the return occurs within two years of the payment.

For new hire employees, the applicable COLA payments will be added to the employees’ wage rate.

RETIREE MEDICAL

The Company liability for retiree medical coverage is currently capped by Letter 7 of the Pension and Insurance Agreement at \$6,000 time the number of covered households. That letter also protects employees who retired on or after May 1, 1991, from having to pay premiums until after July 1, 2007. Employees who retire prior to that date are covered by the settlement of a lawsuit and are not affected by the “cap.” During the course of negotiations, the Company informed us that the projected cost of providing health insurance for this group exceeds the Company’s cap liability by \$54 million. This would have resulted in premiums of up to \$580 a month for households where neither spouse is eligible for Medicare. Obviously this would have been devastating to our retirees and would have priced most of them out of the market.

We informed the Company that we could not and would not allow this to happen. We further informed the Company that we were willing to make design changes to the active and retired medical plans to help reduce the Company’s cost and that we would contribute \$1.00 per hour of future COLA to the effort.

While this fell far short of the total, we insisted the Company had to make up the short fall. Our position was that our retirees would not be subject to higher premiums than the rest of the industry. We accomplished this by agreeing that retirees will be charged the following premiums: For April, May and June 2007, \$65 per month for Medicare eligible households; \$97.50 per month for split Medicare eligible employees and \$130 per month for non-medical eligible households. For the duration of the agreement, premiums will be \$180, \$212.50 and \$245 per month. One hundred fifteen dollars a month of that total will be offset by a newly negotiated special pension supplement that will continue for the life of the agreement. This is a net expenditure by the retiree of \$65, \$97.50 or \$130 (the same premiums applicable to the rest of the industry. Employees who retired between May 1, 1991 and November 1, 1994 have the option of paying the full premium and remaining under their existing plan or they can elect the plan described above.

HEALTH INSURANCE PLAN

- a) Add an in-network deductible of \$100 per individual and \$200 per family and remove the current in-patient hospital co-payment of \$100 and the in-network out-patient surgery of \$50.
- b) Add medical premiums of \$4.98 per week for single coverage, \$12 for dual coverage and \$18 for family coverage. These premiums can be made with pre-tax dollars, saving the employee the amount of Federal Income Tax and FICA tax on those contributions.
- c) Allow split family retirees to remain in the HIP until both spouses are eligible for Medicare.
- d) Mental health and substance abuse, \$25; Specialist co-pay (\$10 group therapy), 90 percent co-insurance after deductible; 70 percent co-insurance for out-of-network.
- e) Prescription drug co-payments:

	Retail	Mail Order
Generic	\$10.00	\$20.00
Preferred Brand	\$25.00	\$50.00
Non-Preferred Brand	\$40.00	\$80.00
Gastro/esophageal Drugs		50 percent co-pay

- f) Change the Co-ordination of Benefits to a provision non-duplication Coordination of benefits.

NEW HIRE MEDICAL

In-Network deductible	\$750/\$1500
Out-of-Network	\$1,500/\$3,000
In-Network co-insurance	80 percent
Out-of-Network co-insurance	60 percent
In-Network stop loss	\$2,000/\$4,000
Out-of-Network stop loss	\$4,000/\$8,000
Retail prescription co-pay	\$15/\$40/\$70
Mail Order prescription co-pay	\$30/\$80/\$140
Gastro/esophageal Sexual dysfunction, and non-sedating antihistamine	50 percent co-pay

PENSIONS

Increase multiplier to \$56 for retirement after July 23, 2006.

LIFE INSURANCE

- a) Increase basic life insurance and AD&D from \$40,000 to \$45,000
- b) Change supplemental life insurance to new rate schedule
- c) Increase survivor income benefit from \$500 to \$600
- d) Increase minimum survivor income benefit from \$325 to \$400

WORKING SPOUSE PROVISION

Require the working spouse of an active employee or retiree who regularly works more than 32 hours per week to purchase coverage from their employer if the cost to do so is less than \$50 per month.

ACCIDENT & SICKNESS

For regular employees, pay the greater of the current benefit or 18 hours pay at the current rate; new hires, pay 18 hours at new wage rate when eligible (5 years of employment).

SAVINGS PLAN

Add a Roth 401(k) Option effective January 1, 2008.

JOB SECURITY

During the negotiations, the Company took the position that it could not continue in effect the job security provisions of the last agreement. In Des Moines the Company asserted that the volatility of the agriculture market and competition from Titan Tire made it impossible. We continued to press the issue.

Eventually the Company agreed to extend the program. The Company guarantees that it will not reduce the compliment of employees below 90 percent of the current level less new hires. Reductions of non-new hires must be by attrition. Additionally, once during the first 12 months of the agreement the Company may offer a program of voluntary separation to up to 100 employees. The lump sum payment will equal two weeks' pay for each year of service with an eight-week minimum and a 40-week maximum. A week's pay means 40-hours pay at the basic wage rate. The offer will be made separately to production and maintenance employees. Should more than 100 employees accept the offer, seniority will prevail.

In LaVergne the Company asserts that the passenger operation was losing money and that as a result they could not offer security. The Company asserted that, if the plant could be made more competitive, it would extend the security agreement. As a result, the Company will develop an incentive program. If approved, the program will not apply to existing tire builders. The program will be based upon MOST and offer an opportunity to earn 20 percent above the rate of the job. Employees will be given an

opportunity to accept or reject the program by secret ballot within 120 days of ratification. If approved, LaVergne will be covered by Letter R.

Warren County continues to be covered by Letter R. The Company will be required to invest \$100 million in the three protected plants. If LaVergne votes not to be covered, the amount will be reduced by \$33 million.

In Akron plant security under the expired agreement resulted in excessive use of short-work week. The Company represented that conditions might worsen thus increasing the practice. We elected to focus on that problem. The proposed agreement would limit the Company's right to utilize Article IV, Section 5 (b) (short-work weeks) to not more than five consecutive weeks. If the use of Article 5 (b) does not match customer demand to the number of employees, the Company may layoff employees and pay SUB pursuant to Paragraph II of Letter (a). At any time while an employee is on layoff the Company may offer separation program to the employee providing the employee has been or will be on layoff for 13 weeks and has received or will receive SUB and medical benefits for 13 weeks. If the employee accepts the offer, his employment will terminate or he will retire. The program will be calculated in the same manner as Des Moines. If the employee declines the offer, he will remain on layoff and continue to receive SUB in accordance with the agreement. If an employee reaches the end of his contractual entitlement to SUB without receiving the offer of a separation payment, the Company must:

- 1) Recall the employee, or
- 2) Offer the employee a voluntary separation payment, or
- 3) Continue indefinitely the employees SUB payments

OKLAHOMA CITY

Provide all contractual benefits, life insurance for employees who retire with 23 years but less than 30 years of service and provide for a fund of \$23 million to be distributed to employees.

NON-PROTECTED PLANTS

During negotiations we attempted to extend the job security provisions of the 2005 agreement to all of our plants. Unfortunately we were unsuccessful in those efforts. We did however secure an agreement that should any of the non-protected facilities be closed during the life of this agreement, a closure agreement based upon the Oklahoma City closure will be extended to them. Such an agreement would take into account the wage rates in effect at that plant.

