

UNITED STEELWORKERS



UNITY AND STRENGTH FOR WORKERS

Summary
of the Tentative Agreement
between the
United Steelworkers
and Dana Holding Corporation

May 2014

Sisters and Brothers:

This winter, as we began the process of negotiating the agreement you have before you, we all knew what a long way we had come in the past three years. The economy, while not setting any records had turned the corner and we are well into a recovery. The Company was in much better shape financially, not facing the uncertain economy and lower profits it did in 2011.

We also knew that we needed to structure the economic package in such a way so that we provided wage increases to those of you in Tier 1 wage structures. We know that it has been at least two contracts since you have received any wage increases (and some locations longer). Yet, despite that fact, the solidarity you showed your sisters and brothers in Tier 2 in the last contract was what makes our union strong. But this time needed to be different and we needed to improve your wages.

But we also needed to continue our efforts to decrease the pay differential between the Tier 1 and Tier 2 pay scales, across the system. We do this for two reasons: 1) it is not fair that some employees, working next to each other, make vastly different amounts of money and 2) if we do not create a more equalized pay system we will have some plants with greatly lower pay and allow the Company to whipsaw production.

We also needed to address the Skilled Trades in all of our locations. Representatives from each Local Union, meeting as a separate committee, put together a proposal that addressed the deficiencies faced by each location for their Skilled Trades positions. Due to the work of this sub-committee and support from all the Locals, we were able to increase the pay for Skilled Trades positions, in accordance with our proposal.

In the end we believe this agreement, which includes pay increases for all, improvements in Pension benefits and your 401K account (allowing you to build up money to pay for retiree healthcare upon retirement), and holds the line on healthcare benefits and healthcare premiums deserves your vote. Although we were not successful in getting everything we proposed, we did address the main issues we had going into the negotiations. Your committees represented you well and we achieved a great deal with this tentative agreement.

That is why we, the USW Dana Council, unanimously voted to recommend that you support your negotiation committees by voting YES to accept the tentative agreement.

In solidarity,

Your Negotiating Committees

<p><i>Tom Herendeen,</i></p> <p>President Local 903, Ft. Wayne</p>	<p><i>Dan Flippo</i></p> <p>Dist. 9 Dir. Chair, Dana Negotiations</p>	<p><i>Denny Leazier,</i></p> <p>Chair Local 903, Ft. Wayne</p>
<p><i>Tim Rice,</i></p> <p>President Local 9443, Henderson</p>	<p><i>Chad Apaliski,</i></p> <p>Technician USW International</p>	<p><i>Freda LaRue,</i></p> <p>Chair Local 9443, Henderson</p>
<p><i>Justus Russom,</i></p> <p>President Local 9526, Humboldt</p>	<p><i>Anthony Alfano,</i></p> <p>Staff District 7</p>	<p><i>Ronnie Hollis,</i></p> <p>Vice-President Local 9526, Humboldt</p>
<p><i>Chris Hardy,</i></p> <p>President Local 9530, Crossville</p>	<p><i>Richard Haas,</i></p> <p>Staff District 8</p>	<p><i>Karyn Dixon,</i></p> <p>Recording Secretary Local 9530, Crossville</p>
<p><i>Doug Smith,</i></p> <p>President Local 9532, Glasgow</p>	<p><i>Alan Jones</i></p> <p>Staff District 9</p>	<p><i>Harold Landrum,</i></p> <p>Chair Local 9532, Glasgow</p>
<p><i>Ken Chavis,</i></p> <p>Unit Chair Local 9508, Lugoff</p>	<p><i>Kim Smith,</i></p> <p>Staff District 9</p>	<p><i>Ty Benson,</i></p> <p>Vice President Local 9508, Lugoff</p>

Steelworkers Pension Trust (SPT)

You will remember that your retirement security is, in part, based upon a pension benefit from the SPT. This pension plan provides a benefit to you when you retire based upon the amount of money contributed on your behalf through your working career. This agreement continues our efforts to increase the per hour contribution the Company makes on your behalf every year of the agreement. By raising the contributions by \$.05 an hour, we are able to increase the multiplier by almost \$6 per year of future service by the end of the contract (based on a person having contributions made on their behalf for a standard work year of 2,080 hours).

The following table shows the contributions the Company will contribute and the effective monthly multiplier for that level of contribution:

	<u>Current</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Per Hour Contribution	\$1.15	\$1.20	\$1.25	\$1.30
Implied Monthly Multiplier	\$48.24	\$50.34	\$52.43	\$54.53

401K Sub-Account for Retiree Healthcare

What we decided to pursue is a solution your union first negotiated as part of the ALCOA negotiations in 2010 – the creation a sub-account in the existing 401K plans into which Dana will contribute a set amount per hour. The Company will continue to contribute, for the same kinds of hours it contributes to the SPT, \$.15 into this new sub-account until December 31, 2015. Starting January 1, 2016, the contribution will increase to \$.20 an hour. It increases again to \$.25 an hour January 1, 2017.

While this does not sound like much money – about \$520 hours starting in 2017 assuming a standard work year – the time-value of money allows this to grow. For example, *and this is simply an example*, if you took the level of contributions in the contract and did not change anything for the next 20 years, a person's account could grow to just over \$18,000 (assuming earnings growth at a conservative 6% a year).

Once you retire, or leave the Company for any other reason, the money automatically becomes yours.

Bereavement

Despite the improvements in equalization and clarity in the last contract, we had to correct problems that developed in the Company's administration of the language in the past three years. To that end we reworked language to ensure that employees receive bereavement leave that they are entitled to and addressed issues of bereavement that occur either directly before or after holidays or weekends. Also, we negotiated language to ensure employees receive bereavement leave in the event a funeral or memorial service that is outside of the time period following the death, or if the employee is unable to attend the funeral or memorial service due to distance or other reasons beyond his or her control. Additionally, Great and Step Grandchildren and Great and Step Grandparents were added/clarified as qualifying for leave.

Alternative Work Scheduling (AWS)

One item that the Company brought to these negotiations was to propose that it could implement alternative work schedules in both USW and UAW facilities. We were extremely hesitant to agree to this, especially since the Company had proposed an unlimited right to implement different work schedules. This was an item that meant a great deal to the Company and it became apparent that the Negotiating Committees simply saying “no” would not move the Company from its position. However, we know from experience in the Steel industry, our members sometimes benefit from and like alternative schedules, **but** employees must be allowed a voice and choice in the development of the schedules.

In the end, we negotiated that the Company must first bring any proposed alternative work schedules to the International/Local Union and outline what lines/areas of the plant the AWS would affect. If the leadership agrees, then the Union and the Company must agree on the changes that must occur to allow for the changes to take place (Hours of work, Overtime, Holiday/Vacation pay, etc.). Lastly, the employees affected by the AWS must vote and a simple majority must agree to the changes. We believe this process allows for the potential for new, flexible plant operations but with a level of involvement and agreement by all of us that protects you.

New Employee Orientation

A contract is only as strong as our ability to identify issues/violations. While we previously negotiated that the Local Union be given two hours to meet with, talk to and explain the contract and the roles the Local and International plays, we increased that amount of time to six hours.

Temporary Employees

The Company again made a very strong push to increase the use of Temporary Employees at our facilities. We are happy to report that we were able to prevent increases in the percentage of Temporary Employees that we currently have. We did make it clear to the Company that we would work together if there were occasions that made it necessary to hire additional Temporary Employees - as long as the Company explains its reasoning and defend its position.

Profit Sharing

As part of the last contract we negotiated a Profit Sharing plan that would allow you to share in the profitability of the Company. While we were fairly confident that the plan would provide some level of payout, we have been encouraged that it has not only paid out, but the payout has increased in each of the last three years.

This agreement increases the percentage of U.S. Earnings Before Interest and Taxes (EBIT) that the Company contributes to the Profit Sharing “Pool” from 2 percent to 2.5 percent.

Again, while we do not know what the future holds, we believe that based on the Company’s more solid financial footing and general economic improvement/growth, that this will have the opportunity to further increase the annual profit sharing payouts during the life of this agreement.

Healthcare

Given the fight we had to preserve our healthcare benefits and premiums in the last contract, we fully expected this area to be a major topic in these negotiations. We were surprised, happily so, that Healthcare was not a major sticking point. We think this is due to two reasons:

1. The Company's overall costs were essentially unchanged since 2011. Therefore, the Company could not use cost increases to propose significant changes.
2. The strength and solidarity the Negotiating Committees showed in 2011 demonstrated how serious of an issue this is.

That is not to say that we did not have to push back against Company proposals to the current plan designs that would have limited your choices. However we were successful in standing together and are pleased to report that there are no changes, nor will there be any negotiated changes to the healthcare, prescription drug, dental and vision benefits you currently have.

Additionally, there are no changes to how premium increases are calculated and the current "caps" on annual premium increases remain the same. The following table shows the **maximum amounts** you could pay throughout the life of this agreement:

	<u>Current</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Red				
<i>Single</i>	\$42.82	\$45.39	\$48.11	\$51.00
<i>Employee +1</i>	\$83.25	\$88.25	\$93.54	\$99.15
<i>Family</i>	\$124.87	\$132.36	\$140.30	\$148.72
Green				
<i>Single</i>	\$57.97	\$59.71	\$61.50	\$63.35
<i>Employee + 1</i>	\$115.95	\$119.43	\$123.01	\$126.70
<i>Family</i>	\$173.92	\$179.14	\$184.51	\$190.05

Other Benefit and Contractual Improvements

- Agreeing to an extra \$75 (an improvement over the current \$50) into your HRA should you complete a Health Risk Assessment survey in the beginning of every year.
- Increasing the amounts you can purchase for Optional Spouse and Dependent Life Insurance. While these additional amounts are paid 100 percent by you, it at least allows you to use the rates Dana commands in the marketplace to purchase additional amounts of coverage for your family.
- Skilled Trades classifications received adjustments to bring their pay more in line with their trade.
- Progress was also made in Local Agreements, with each location negotiating their own achievements to improve items that are Local terms and conditions..

Wages

As we mentioned at the beginning of this Summary, we balanced two important goals in this round of bargaining. First, no matter what agreement we reached we needed to provide wage increases to employees in Tier 1. It has been too long – at least since 2005 in one of our locations – since they received wage increases. And while Tier 1 members showed amazing solidarity in the last contract to allow for Tier 2 employees to receive wage increase in order to close the gap between the tiers, we were going to reward their efforts.

- In this contract, Tier 1 employees receive a \$650 lump sum bonus the day that the wage increases go into effect. Tier 1 employees also receive wage increase in every year of the agreement: \$.35 in year 1, \$.35 in year 2 and \$.40 in year 3, for a total of \$1.10 an hour over the life of the agreement.

Second, we had to continue to close the gap between the wage tiers. While we negotiated two tiers for the Legacy plants, and inherited wage tiers in the plants organized under our Neutrality agreement, they were a necessary evil as the company emerged from bankruptcy. So while they served a purpose (to allow the Company time to hire and win business in the Great Recession), they are not fair. They force a certain percentage of the workforce to work alongside their sisters and brothers, doing the same jobs for the same amount of hours, but be paid less - as much as \$8 an hour less in one of our facilities.

Wage tiers also allow the company to operate facilities at a lower labor cost – increasing the danger that work will be moved to those lower labor cost facilities. This movement of work allows for whipsawing, basically playing one facility against each other, and we have been very careful not to allow the Company to slip back into its previous bad habit of eroding the strength of our solidarity by pitting our plants against each other.

- By the end of this contract, Tier 2 employees in Ft. Wayne, Glasgow, Henderson and Humboldt (as well as most of the UAW facilities) will reach a wage progression that “tops out” at \$18.25 an hour by the last year of the agreement.
- In Crossville, because the facility is a Warehouse and Distribution facility that performs very different work, Tier 2 employees will reach a wage progression that “tops out” at \$14.75 an hour.
- In Lugoff, a facility that has been slated to close twice now, the Company was very worried that bringing Tier 2 to a top progression of \$18.25 would not allow them to successfully bid on work. Therefore Lugoff (and the UAW-organized Sterling, IL facility which produces similar product) Tier 2 employees will reach a wage progression that tops out at \$16.60 an hour.

This increase means that, in four of our six facilities, Tier 2 employees will effectively be paid as much as the main production classifications. In Henderson, Humboldt and Glasgow, where certain Tier 1 classifications would have been passed by Tier 2 employees, we negotiated mechanisms to make sure that Tier 1 employees move to the Tier 2 wage rate – therefore ensuring that no one is left behind. So in just two contracts, we have eliminated the gap between Tier 1 and Tier 2 in half of our facilities, all but closed the gap in one (Crossville) and significantly increased the pay in Ft. Wayne – an amazing feat that we all should be very proud to have achieved!