

GOODYEAR RETIREE VEBA

60 Boulevard of the Allies, Fifth Floor
Pittsburgh, PA 15222
Toll Free: (866) 694-6477

Web Address: www.goodyear-veba.com
E-mail Address: gyveba@cdsadmin.com

August 2009

A Message from the Goodyear Retiree VEBA

Dear Goodyear Retiree VEBA Members:

This is the first in a series of occasional newsletters to help keep you informed on the operation of the Goodyear Retiree VEBA and the medical plans maintained by the VEBA Committee for your benefit.

Background

As you may recall, the Goodyear Retiree VEBA was agreed to in December, 2006 during the labor negotiations between Goodyear Tire & Rubber Company and Goodyear Dunlop Tires NA (“Goodyear”) and the United Steelworkers (“USW”). In October, 2007 a Settlement Agreement was reached with representatives of a class of retirees who had retired on or before January 1, 2007, and who had filed a lawsuit in the Federal Court for the Northern District of Ohio. The Federal Court approved that settlement on August 22, 2008. On that date, responsibility for your health care benefits was transferred from Goodyear to the VEBA Committee.

What is a VEBA?

VEBA means “Voluntary Employees’ Beneficiary Association.” That is a term contained in the Internal Revenue Code to identify a type of trust fund that can hold and use assets for the purpose of providing health care and similar benefits for groups of individuals who are designated as VEBA participants. In the case of the Goodyear VEBA, eligible participants include USW-represented retirees of Goodyear, surviving spouses, and eligible dependent spouses and children.

Who is Running the VEBA?

The Settlement Agreement grants complete authority for the operation of the VEBA to a nine member Committee approved by the Federal Court. The members include: three persons nominated by the Union; two persons nominated by the Retiree Class Representatives; and four independent Public Members. All of the Committee members have significant experience and expertise in the employee benefits field. Their sole responsibility as plan “fiduciaries” is to ensure that the VEBA trust and the health care

Inside This Issue

- 1 BACKGROUND OF THE VEBA
- 1 WHAT IS A VEBA
- 1 WHO IS RUNNING THE VEBA
- 2 WHAT IS ACCOMPLISHED
- 2 OUR BENEFITS
- 3 HOW THEY ARE PROVIDED
- 3 CHANGES



plans comply with the terms of the Settlement Agreement, and operate in the best interest of VEBA participants.

What has the Committee accomplished so far?

The Committee has held numerous meetings over the past two years preparing for and implementing the transition of your benefit plans from Goodyear to the VEBA. Some of the important tasks completed by the Committee include:

- Establishing a VEBA Administration Office, located in Pittsburgh, PA (see description below).
- Appointing a Bank Trustee, J.P. Morgan in Columbus, OH, to hold the VEBA assets.
- Appointing highly qualified professional organizations to help ensure that the Trust and benefit plans are properly managed in compliance with all applicable laws and industry best practices, and to assist the Committee in providing the best benefit value to retirees for the longest time possible. These professionals include: Investment Advisor; Legal Counsel; Independent Auditor; Actuary; and Health Care Benefit Consultants. All were selected after a nationwide search and a thorough selection process.
- Establishing Sub-Committees (Audit, Investment, Communications and Appeals) to ensure timely decisions are made and carried out between regular Committee meetings.

The VEBA Administration Office – Serving VEBA Participants

In order to provide the highest quality service to VEBA participants, the Committee conducted a nationwide search to identify a professional organization with demonstrated experience in VEBA administration, including recordkeeping, financial management, and most importantly, customer service.

Our VEBA Office is staffed with eight employees whose responsibility is to help VEBA participants receive the benefits to which they are entitled. The staff routinely answers questions, provides information, helps to enroll new participants, interacts with our health plan claims administrators (e.g. Anthem and Express Scripts) and reports to the Committee on the overall operation of the VEBA.

You are encouraged to contact the VEBA Office by calling toll-free 1 (866) 694-6477 between 8:00 am and 5:00 pm EST if you have any questions regarding the VEBA, your benefits, or need individual assistance.

What are my VEBA benefits?

In accordance with the Settlement Agreement approved by the Federal Court, the Committee adopted, effective August 22, 2008, the same benefit plans and monthly premium amounts that had been agreed to by Goodyear and the USW in 2006. Also, in order to avoid any undue interruption in your benefit coverage, the Committee agreed to retain, at least for the first year, the same claims

administration vendors (Anthem, Express Scripts and Delta Dental), and the same managed care options that were available at certain plant locations.

The VEBA also continued certain other benefit arrangements for eligible participants, including the \$50 Medicare Part B reimbursement and the Working Spouse COB Reimbursement Benefit.

Some changes were necessary, however, since Goodyear is no longer responsible for administration of the plans. For example, your Medicare Part B benefit is no longer included with your monthly pension check, but now is paid separately on a quarterly basis. Again, if you have any questions regarding your VEBA benefits, do not hesitate to call the VEBA Office.

Where Does the Money for my VEBA Benefits Come From?

In the 2006 negotiations, Goodyear insisted on terminating its responsibility for providing health care benefits to Union represented retirees, forcing a lengthy strike by the USW. The strike ended only after Goodyear agreed to contribute nearly \$1 Billion to the newly created VEBA trust. This contribution, along with additional contributions from active employees, in the form of cost-of-living and profit sharing deferrals, as well as retiree monthly premiums, provides the entire source of funds to maintain health care benefits for both current and future retirees. Goodyear made its contribution on time and it was all cash – it did not include any Goodyear stock.

It is important to remember that Goodyear cannot be required to make any additional contributions; the only sources of additional income will come from active employee deferrals, retiree premiums, and investment returns. Therefore, the Committee, as the VEBA's fiduciary, must continually design and manage benefit plans in ways that return the greatest benefit value for the long term with the available funds.

Can my VEBA benefits be changed in the future?

The Settlement Agreement includes four general benefit protections for retirees; namely:

1. Benefits for all retirees may not be modified or reduced before January 1, 2010,
2. Benefits for retirees who retired before May 1, 1991 may not be modified or reduced prior to January 1, 2013,
3. The value of benefits for retirees who retired on or before January 1, 2007 may not be less than the value of benefits for individuals who retire after that date, and
4. The total value of all benefits may not be reduced by more than 2.5% per year beginning in 2010, unless there is reason to conclude that the trust fund will become exhausted before the year 2020.

Many factors may influence the future of retiree benefits, including: national health care inflation rates; the possibility of national health care legislation; the financial markets' impact on investment of VEBA assets; and certainly more direct factors such as the number of retirees who participate in the VEBA and their health status.

The Committee and its expert advisors have been continually examining all of these factors. Again, our commitment is to abide by the terms of the Settlement Agreement, and to provide the highest benefit value to retirees with the available funds and for the longest period of time.

You can be assured that the Committee, with the assistance of the USW Pension & Insurance Representatives and the Retiree Class Representatives, will keep you informed of the operation of the VEBA and, if any benefit or premium changes are required, you will be notified in writing as quickly as possible. Please look forward to receiving VEBA Newsletter updates as necessary to help keep you fully informed. You may also find this information on our website at www.goodyear-veba.com.

In closing, you have our best wishes for a continued happy and healthy retirement, and we look forward to continuing to serve you and your family.

Sincerely,

The Committee of the Goodyear Retiree VEBA

USW Members

Thomas Duzak
Jerry Ivey
John Sellers

Class Members

Jeffrey Lewis
Simone Rockstroh

Public Members

Hazel Broadnax *
Teresa Ghilarducci
Nell Hennessy
Scott Spencer

* Effective August 1, 2009, Ms. Broadnax replaced The Honorable Phyllis C. Borzi who resigned as a Public Member following her appointment as Assistant Secretary of Labor for the Employee Benefits Administration in the U.S. Department of Labor

Note: The descriptions of benefits and rights to benefits in this newsletter are merely summaries which do not replace or modify the official plan documents such as plan booklets and the Summary Plan Description. Rather than relying on the information contained in this newsletter about benefits and rights to benefits, you should read the benefit booklets you have or will soon receive(d) from your providers and the Summary Plan Description enclosed with this newsletter.

Cc: USW Pension & Insurance Representatives
Retiree Class Representatives