



July 16, 2001

BY FACSIMILE (810) 766-7218
 Hon Woodrow Stanley, Mayor
 City of Flint
 C/O Flint City Council
 1101 S. Saginaw St.
 Flint, MI 48502
 Telephone: (810) 766-7346

RECEIVED
MDCD-OWD

JUL 16 2001

WORKFORCE TRANSITION

BY FACSIMILE (810) 257-3008
 Hon. Richard E. Hammel, Chair
 Genesee County Board of Commissioners
 Genesee County Courthouse
 900 S. Saginaw St.
 Flint, MI 48501
 Telephone: (810) 257-3020

BY FACSIMILE (517) 373-4648
 Workforce Transition Unit
 Michigan Department of Career Development
 Office of Workforce Development
 201 N. Washington Sq., 5th Floor
 Lansing, MI 48913
 Telephone (517) 373-2162

Layoffs

Dear Government Officials:

I enclose for your information a copy of a notice being distributed today to employees of Kett Engineering Corporation at its Flint, Michigan facility located at 1611 James P. Cole, Riverview Industrial Park. This notice informs employees of an anticipated layoff. As described, we anticipate a majority of current plant employees will be laid off within a 14-day period beginning on August 6, 2001.

We expect the total number of employees permanently laid off will be 97. None of them are collectively bargained. Lists of the job titles to be affected and the number of affected employees in each job classification will be made available for your inspection, if desired.

Please feel free to contact me at (810) 424-6606 or the address above if you need further information.

Sincerely yours,

Linda Ellis
 Vice President, Kett Engineering Corporation
 13303 S. Ellsworth Road
 Mesa, AZ 85216

MEMORANDUM

TO: All Flint Employees
DATE: July 16, 2001
RE: Layoffs

We received notice last week from General Motors that its testing requirements for the L6 engine will be reduced beginning on or about August 6, 2001. GM projects that its testing needs will decline to 900 engines per day (two-thirds of current levels) beginning on or about Monday, August 6, 460 engines per day beginning Monday, August 13, and 120 engines per day beginning Monday, August 20. I regret to inform you that as a result of GM's reductions within a 14-day period beginning on or about August 6, 2001, Kett Engineering Corporation will be required to reduce its workforce at the Flint, Michigan facility located at 1611 James P. Cole, Riverview Industrial Park.

Based on GM's projections, we have determined that our workforce will need to be reduced effective at close of production on Friday, August 10, to 28 dyno techs, 4 care inspectors, 2 maintenance, 2 lead techs, and 2 supervisors, and on Friday, August 17 to 8 dyno techs, 1 care inspector, 1 maintenance, and 1 supervisor. The dates described for these layoffs may only be approximate. GM has indicated that further progress in improving their manufacturing process could accelerate the timetable stated by one week.

Kett's layoff policy, which is contained in the employee handbook and attached to this memo, will govern selection for layoff. Under that policy, we anticipate that current lead techs and supervisors will be retained and regressed into dyno tech, care inspector, and maintenance positions. The current manager will become supervisor. We expect an additional two current employees to be retained. We anticipate that individuals with the earliest service dates will fill those three positions. Care inspectors, maintenance employees, and dyno techs should therefore anticipate that they will be laid off on one of the two dates described in the preceding paragraph, based on the layoff policy. A list of service dates will be posted.

We regret that we have been unable to provide you with greater advance notice of this event. As you know, GM is our only customer. Although we all have anticipated that GM's testing needs for the L6 would eventually be reduced, we were not aware that it would happen so soon. We had hoped to have greater notice and to win other work (the L5 engines) in the meantime that would have prevented a layoff, but that has not occurred. We have been informed that GM has still not decided where or when the L5 engine will be produced or where it will be tested. Therefore, at this time, we have no basis for predicting whether additional work will be available in the future.

Notice is also being given today to local government officials and the Michigan Department of Career Development. Please feel free to contact Darrin Biggs at (810) 424-6606 if you need further information.

Sincerely yours,

Linda Ellis, VP Kett Engineering Corporation

LAY-OFF, RECALL AND REHIRE PROCEDURE FOR FULL-TIME EMPLOYEES

In determining the number of employees that are needed at Kett, customer project requirements are, of course, the first and foremost consideration. In determining which employees to lay-off and recall, Kett will consider customer staffing preference, prior performance, skill level requirements, and service date. Rehire of employees will be solely dependent on the discretion of the employer.

PAY PERIOD AND PAY DAY

The Kett pay period week begins on Monday and ends on Sunday. Employees are paid on a weekly basis. The paychecks are dated the Thursday following the Sunday weekending date.

During a Kett holiday week, paychecks will be distributed at least one day later than usual. At times, the payroll process could be further delayed due to circumstances beyond Kett's control.

DIRECT DEPOSIT

Employees are able to have their pay deposited directly into their checking or savings account. Payroll Direct Deposit Authorization Agreement Forms are available through Administration.

REST BREAKS

Employees who are scheduled for 8 hours of work will be given two 10-minute breaks and a ½-hour unpaid lunch period. Generally, one break will be provided in the first 4 hours of work, and the second break will be provided in the second 4 hours of work. Employees who are scheduled less than 8 hours but more than 5 hours of work will be provided with one 10-minute break and a ½-hour unpaid lunch period. Employees who are scheduled to work 5 hours or less will be provided with one 10-minute break.

PERSONNEL RECORDS

It is important that you notify the Human Resources Department of any changes in your name, marital status, dependents, address, telephone number, or any other relevant personal data. If your records are incorrect, problems may arise concerning items such as benefits, taxes, and paychecks.