

## Delphi workers worry about benefits

JEAN SPENNER *The Saginaw News*  
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Last week, hourly workers at Delphi Steering Systems opened their wallets to contribute funds to people who lost everything in Hurricanes Rita and Katrina. Members of United Auto Workers Local 699 collected \$6,000 for the Saginaw chapter of the American Red Cross, even as they go to jobs they hope will survive Delphi Corp.'s financial storm.

The Troy-based company - with Delphi Steering headquartered in Buena Vista Township and a Delphi Energy & Chassis brake plant in Saginaw - is seeking help from parent and top-customer General Motors Corp. and the UAW in cutting health care costs and wage levels to become profitable and more competitive.

Delphi employs about 6,800 workers in the Saginaw County plants.

Chief Executive Officer Robert S. "Steve" Miller has said that Delphi must get some financial relief, or the company could declare bankruptcy by Monday, Oct. 17, when bankruptcy rules become tougher for debtors.

"If you're taking bets, it's 50-50," Tom Basner, Local 699 bargaining chairman, said of his plants' workers. "Everybody has their own idea, and it's all speculation."

Delphi last week said it no longer will discuss negotiations with the UAW and GM. Mid-Michigan union leaders are stumped for information.

"It's the quietest of anything that I've ever seen since I've been in the union," said Jim Hurren, president of Local 457, which represents hourly workers at Delphi Energy & Chassis Saginaw Operations, 2328 E. Genesee.

GM spun off Delphi in 1999. Now Miller is proposing that GM buy out or take back union workers and take on pension and other benefit obligations. GM already has some obligations for health care and pensions.

Benefits representatives for Local 699 have fielded hundreds of calls since Delphi began talking bankruptcy in August.

"Employees are very, very concerned what's going to happen to their pensions," said Judy Meyer, a Local 699 benefits representative for four years. "We can't give them an answer. We're waiting with everybody else."

Calls have come from retirees who are worried about their pensions and workers wondering about their health care benefits.

"I had a gentleman who called whose wife was being treated for cancer," Meyer said. "He asked what's going to happen with health, are they going to stop treatments?"

The benefit representatives reassure callers that the company and union have a contract.

"And until that changes, the rest out there is just rumors," said Jim Wagner, also a Local 699 benefits rep.

There are prescribed steps for a company to follow concerning its pensions if it declares bankruptcy, said David Kudla, chief executive officer of Grand Blanc-based Mainstay Capital Management, which serves more than 1,000 clients in the automotive industry in southern and mid-Michigan.

"Just depends on how the bankruptcy is handled," Kudla said. "I've had other people call asking about a Delphi bankruptcy, but right now, it's all speculation."

Each bankruptcy is different, said Tanya Marcum, an assistant professor in the finance and law department at Central Michigan University.

"One of the first things, after filing for bankruptcy, a company will file a disclosure statement that will spell out the reorganization," she said.

However, there is no set time frame on when that will occur.

"Until that happens, things stay status quo," she said.

The more complicated the business, the longer it may remain in bankruptcy, but a three-year period is typical, Marcum said.

Meanwhile, Delphi Steering plants have received praise from Miller, Basner said. During the past nine months, improvements have come at the complex's newest plant, Plant 1, which produces the Delphi Steering-developed E-Steer. The electric power-steering system is engine-independent, running instead off a motor linked to the car's battery.

In March, Delphi had said it would invest \$99 million in the complex across several areas to improve competitive position and to support job retention.

"We've got a skilled and caring work force," said Benn Hinds, the shop committeeman representing Plants 3 and 14.

Workers know that whatever the company chooses to do is out of their control. Still, they report to work focused on doing quality work despite the uncertainty of what lies ahead, said Denny Goodrow, who lives in Bay County's Bangor Township and is shop committeeman from Plant 5.

"This isn't just about us," Goodrow said. "It's about the whole community."

Corporation bankruptcy: What happens?

Delphi Corp. officials continue to mull the option of seeking Chapter 11 protection by Monday, Oct. 17, when U.S. bankruptcy laws toughen on corporations. Here are some things that can happen when a company declares bankruptcy.

Chapter 11 bankruptcy allows a company to run its business and control the bankruptcy process. It provides a way to rehabilitate the company's faltering business.

A company's securities may continue to trade even after the company has filed for bankruptcy under Chapter 11. In most instances, companies that file under Chapter 11 of the bankruptcy code are unable to meet the listing standards to continue to trade on Nasdaq or the New York Stock Exchange. However, even when a company is delisted from the major stock exchanges, its shares may continue to trade on minor stock exchanges. There is no federal law that prohibits trading of securities of companies in bankruptcy. In most instances, the company's plan of reorganization will cancel the existing equity shares.

During bankruptcy, bondholders will stop receiving interest and principal payments, and stockholders will stop receiving dividends. A bondholder may receive, in exchange for bonds, new stock; new bonds; or a combination of stock and bonds. A stockholder may get asked to send back old stock in exchange for new shares in the reorganized company. The new shares may be fewer in number and worth less than old shares. The reorganization plan spells out an investor's rights and what an investor can expect to receive, if anything, from the company.

The U.S. Trustee, the bankruptcy arm of the Justice Department, will appoint one or more committees to represent the interests of creditors and stockholders in working with the company to develop a reorganization plan to get out of debt. Creditors, bondholders and stockholders must accept the plan, and the court must confirm it.

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