

Delphi Deal With UAW, GM Reportedly On Tap

By Shawn Langlois
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SAN FRANCISCO (Dow Jones) -- General Motors Corp. shares moved higher Wednesday on a report that a long-awaited deal with Delphi Corp. and the United Auto Workers could finally remove the threat of a potentially crippling strike as soon as today.

A tentative labor agreement would also quantify GM's financial obligation to its former parts division. The automaker said in May it expects that number to come to \$7 billion, \$1 billion more than it had originally forecast.

GM's stock led sector advancers in midday trades, up 1.3% at \$34.96.

The agreement is expected to offer cash payments, or buy-downs, of up to \$50,000 to hourly workers in exchange for lower wages, the Detroit Free Press reported, citing Delphi workers and others close to the negotiations. The wage cuts could push pay down to \$14 an hour from the current average of up to \$28 an hour.

Older workers will likely have a choice of retiring, accepting the buy-down or move to open positions at General Motors, the report said.

At GM's annual meeting earlier this month, CEO Rick Wagoner said closing the book on the Delphi restructuring is a top priority.

Mainstay Capital Management's David Kudla, who handles more than \$500 million for thousands of auto employees and retirees, said an agreement is "paramount" for GM. "A deal that averts a Delphi strike is critical to the success of the turnaround," he explained.

For Delphi, such an agreement would bring the company closer to emerging from bankruptcy while union negotiators would be freed up for their crucial round of contract talks with the Big Three next month.

Still, despite reports that a deal is imminent, Delphi earlier this week asked a New York bankruptcy court for another five months to finalize its restructuring plan.