



GET LATEST UPDATES ON FREEP.COM

GM, UAW REACH DEAL

NEW JOBS, BETTER PAY AMONG THE TERMS

DEADLY CRASH

Air show plane plummets into crowd in Nevada

NATION+WORLD, 10A

HOME SOON

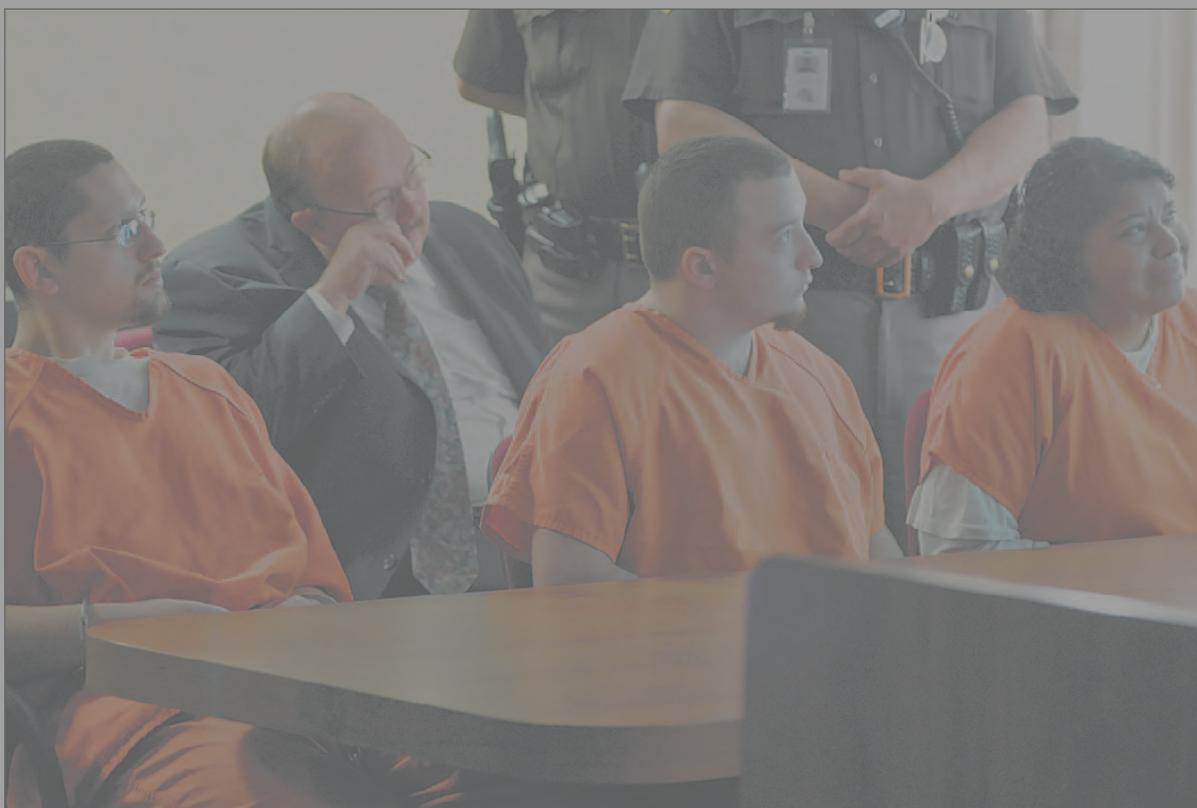
Evicted woman overwhelmed by support

METRO, 6A

NEWS TO USE

How to get your garden ready for the winter

TEENS SENTENCED IN YALE STABBINGS



Tia Skinner, 18, cries as she watches a video of her father, Paul Skinner, during sentencing Friday. With her are Jonathan Kurtz, left, and James Preston, both 19. Prosecutors said Tia Skinner was the mastermind behind the attack in her family's Yale home last year, while Kurtz and Preston, carried it out. "I wish I could have my family back," Skinner said.

Photos by MARK R. RUMMEL/(Port Huron) Times Herald

Union to vote on 4-year pact that could chart a new path for Detroit 3

By BRENT SNAVELY, CHRISSE THOMPSON AND GREG GARDNER
FREE PRESS BUSINESS WRITERS

Late Friday night, the UAW and General Motors reached a deal on a tentative labor agreement covering 49,000 U.S. workers that gives a long-awaited glimpse into what the post-bankruptcy Detroit auto industry — and union — will look like.

The deal will create an undisclosed number of new jobs and sweeten profit sharing. If the terms of the deal are viewed as reasonable, it will likely be heralded by the backers of GM's 2009 government-backed bankruptcy as proof the rescue was a success.

"This contract will get our members who have been laid off back to work, will create new jobs in our communities and will bring work back to the United States from other countries," UAW President Bob King said in a statement released just after 11 p.m. Friday.

While many details of the deal were not immediately divulged, the UAW news release shared some of the positive highlights of the deal:

■ The deal includes "significant investments and products for our plants."

■ "The wages and benefits we negotiated in this tentative agreement reflect the fact that it was UAW members who helped turn this company around."

See **UAW**, PAGE 3A

UAW AND GM REACH DEAL ON CONTRACT

FROM PAGE 1A

“The agreement includes improved profit-sharing with far greater transparency than in the past.”

■ “The UAW bargaining committee successfully fought back efforts to make major changes, and weaken, our retirement plan.”

The new jobs include opportunities at powertrain plants in Warren and Romulus, as well as Wentzville, Mo., people familiar with the talks said. GM also will reopen the former Saturn Spring Hill assembly plant, the people said.

Now, the UAW must sell the deal to its GM members. Local union leaders will be briefed Tuesday. A vote is expected to take place in the next week to 10 days.

Thomas Guyton, a 25-year GM worker now at the Pontiac stamping plant, said he was “pretty confident” the two sides would reach a deal. He said he hoped that GM would be “restoring some of the benefits for the retirees and a raise of some kind for the new hires.”

The four-year deal could set the competitive tone for the Detroit Three as they continue to recover from the recession that sent GM and Chrysler into bankruptcy two years ago.

After kicking off negotiations in late July, it was clear that the UAW was making more progress at GM, and both sides worked toward reaching a deal before the Sept. 14 expiration of the 2007 contract. That didn’t happen. Final details were eventually hammered out about 11 p.m., after several days in which a deal seemed close, punctuated by an angry letter to King, the UAW president, from Chrysler and Fiat CEO Sergio Marchionne.

Friday night, both sides seemed relieved to have a tentative deal.

“We worked hard for a contract that recognizes the realities of today’s marketplace, enabling GM to continue to invest in U.S. manufacturing and provide good jobs to thousands of Americans,” said Cathy Clegg, GM vice president of labor relations.

“We’re proud of this agreement and are happy that it truly recognizes that the success of the company is tied to the success of the workers,” King said. “As everyone knows, we have had, and will continue to have, some real differences with GM. It’s the union’s job to fight for workers and protect our members, and we will continue in that fight.”

Evaluating the new deal

King is expected use the deal as a guide for talks at GM’s crosstown rivals. Chrysler is widely expected to be the next automaker to reach a deal with the UAW, followed by Ford, where talks might be complicated by the automaker’s strong turnaround and workers’ recent discontent.

In the days ahead, the deal will be scrutinized by auto-workers, Wall Street and the taxpayers and politicians who helped finance the controversial 2009 loans to the two automakers.

If the terms are viewed as reasonable, the contract and the new jobs that go with it could be sold as a victory by President Barack Obama and the Democratic Party, who backed the automakers when public support was weak.

Rebecca Lindland, an analyst with IHS Automotive in New York, said perception will be shaded by the “very fragile economy.”

“We’re in uncharted territory when it comes to negotiating a union contract, post-



WILLIAM ARCHIE/Detroit Free Press

While all of the terms of the tentative agreement between General Motors and the UAW have not been disclosed, the UAW said that GM will invest more in plants, improve profit-sharing and would not make major changes that would have weakened the retirement plan. A union vote on ratifying the contract is expected in the next week to 10 days.

bankruptcy, when we’re at 9.1% unemployment,” she said. “Nobody’s getting signing bonuses these days. You’re lucky that you have a job is the line of reasoning in the non-union world these days.”

“There’s no downside to putting people back to work, that’s for sure.”

GM likely benefitted by negotiating the first tentative agreement with the union in this round of bargaining, the first since the financial crisis of 2008 and 2009.

“Every company wants to go first and set the pattern,” said Kristin Dzikczek, director of the labor and industry group at the Center for Automotive Research. Each automaker has an Achilles heel that the other companies know about and that affects negotiation strategies, she added. For GM, setting the pattern for retiree payouts was important, Dzikczek said, since the automaker’s 400,000 living hourly retirees dwarfs the combined 250,000 who retired from Ford and Chrysler.

Mindful of taxpayers’ aid

In July, when contract talks began, GM and UAW leaders said they would keep the taxpayer assistance in mind as they worked on the new contract.

“We have a sacred obligation, all of us, to deliver on the promise and the helping hand that the American public extended to this company in its hour of need,” GM Chairman and CEO Dan Akerson said when the talks began.

Both sides were also equally invested in showing the world that they weren’t slipping back into what might be perceived as their old ways.

High labor costs — relative to foreign rivals — and heavy retiree health-care burdens had helped to drag down the Detroit Three in the years before the financial crisis. Other contributors: general mismanagement; an over-reliance on light trucks, especially SUVs; and a reliance on profit-eroding incentives that damaged brand value.

That “old Detroit” paradigm was largely cleaned up during the restructurings at the Detroit Three in recent years. The union did its part, too, agreeing to amend its la-



ERIC SEALS/Detroit Free Press

Thomas Guyton of Bloomfield Township said before the deal late Friday, “I think it’s going to go peacefully and with these days in front of us, having a job is a good thing.”

bor contract with GM and Chrysler in 2009 before the automakers’ bankruptcies. That deal brought U.S. wages and benefits to near-parity with foreign competitors’, ended the notorious “jobs bank” that paid laid-off workers, eliminated cost-of-living raises and replaced some of the payments owed to a union’s health-care trust with stock.

While GM and Chrysler completed their makeover during quick trips through bankruptcy, Ford self-financed its turnaround — a fact that became a proud marketing point for the automaker.

Healthy and making progress

Today, the Detroit Three are more profitable than they’ve been in years, and at far lower sales volumes.

Consider this: Between 2005 and 2008, when the U.S. selling rate generally surpassed 16 million cars and trucks, GM and Ford posted losses that topped \$100 billion.

In the first half of the year, when the selling rate was about 12.8 million cars and trucks, GM and Ford made

\$5.4 billion and \$4.9 billion respectively. That’s on top of the \$4.7 billion GM made last year and the \$6.6 billion Ford made in 2010.

Chrysler, meanwhile, continues to improve as its new Italian owner Fiat integrates the management teams and product portfolios. But, for now, it remains the weakest of the Detroit Three. Its \$254 million loss through the first half of the year was largely due to repayment of government loans. Chrysler posted a loss of \$652 million in 2010.

Given those profits, the UAW’s King said he saw no reason for additional concessions and declared that auto-workers deserved to benefit from automakers’ newfound profits.

The automakers haven’t objected to that notion, but have remained firm in their opinion that the reward be shared in ways that do not increase their fixed costs. Wall Street could see rising fixed costs as regression into Detroit’s former bad habits.

King, a creative and practical leader, had repeatedly sug-

gested that the two goals were not adversarial and remained positive that a deal could be reached that achieved goals on both sides.

He also was aware that a contentious round of negotiations, or one that gave workers either too little or too much, could have further tainted the images of the automakers or their union.

Chrysler talks continue

At Chrysler, contention is still possible, even if a strike is not. At GM and Chrysler, workers gave up the right to strike on wages and benefits as part of the U.S. government’s assistance for the automakers. Any impasse will go to binding arbitration under the terms of that deal.

The scathing letter Marchionne sent to King on Wednesday could signal trouble or just a momentary flare-up. Marchionne criticized King for failing to show up to a previously scheduled meeting to negotiate the contract after Marchionne flew back from Germany.

Even without Marchionne

and King, talks between the UAW and Chrysler were scheduled to continue through the weekend, under a continuation of the outgoing 2007 contract. And Marchionne was expected to return to the table Tuesday.

Today’s new agreement with GM could also give King the opportunity to convince Chrysler that he is more of a partner than an adversary and patch up the relationship.

Ford talks to resume next week

Meanwhile, at Ford, no bargaining is planned for the weekend, although it’s expected to resume next week. Bargainers there have maintained a slower pace than at GM and Chrysler.

Ford and the UAW have indefinitely extended the contract they reached in 2007.

Talks in Dearborn are expected to be more complicated. For one, Ford’s turnaround is regarded as strong. It’s been profitable since 2009 and it has gained market share and confidence under CEO Alan Mulally’s “One Ford” plan.

Ford will likely push to get its labor deal competitive with those at GM and Ford, where the UAW was able to get more concessions out of its members to assist with the 2009 bankruptcies.

In early 2009, Ford got workers’ cost-of-living allowances suspended and eliminated its jobs bank. After GM and Chrysler’s bankruptcies, however, the Dearborn automaker sought to get a similar no-strike clause and an entry-level wage freeze.

But workers overwhelmingly voted down that proposal, despite the promise of a \$1,000 bonus. The UAW has since filed a grievance against Ford over the reinstatement of merit pay for salaried workers, claiming unequal treatment for their hourly counterparts. That grievance remains outstanding.

With a strike out of the question at GM and Chrysler, Ford is the only automaker that faces the possibility of a strike this year. Workers at Ford have already authorized a strike, a routine step, although national strikes are rare.

CONTACT BRENT SNAVELY: 313-222-6512 OR BSNAVELY@FREEPRESS.COM



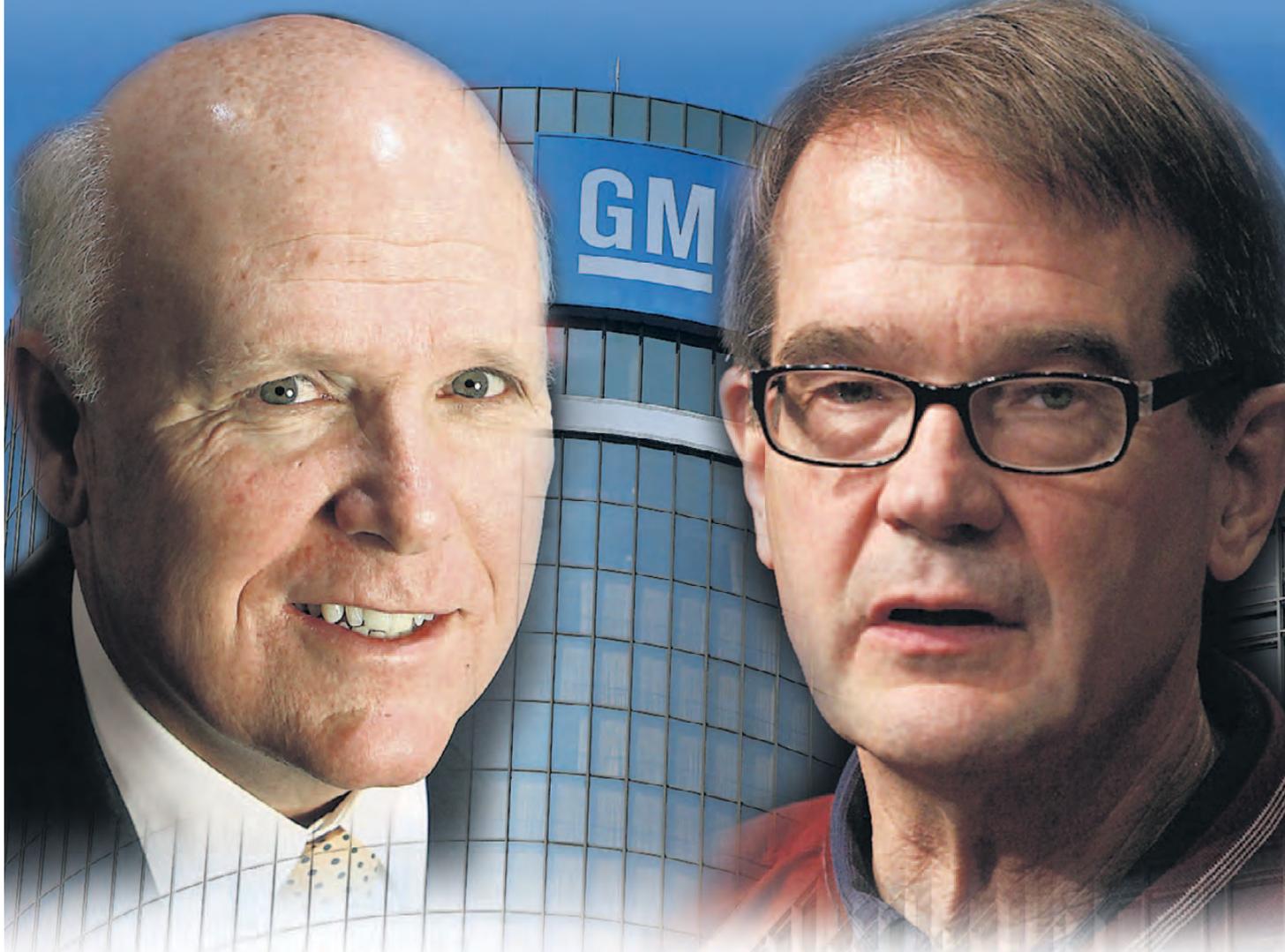
CHRYSLER, FORD UP NEXT

GM AND UAW: DEAL IS A VICTORY FOR ALL

WORKERS:
Pay hike for
entry-level hires

RETIREES:
No major change
in benefits

AUTO JOBS:
More work at
plants



GM Chairman and CEO Dan Akerson, left, and United Auto Workers President Bob King began official contract talks in July.

1ST POST-BANKRUPTCY CONTRACT TO ADD THOUSANDS OF JOBS, CUT COSTS



TOM WALSH

**DEAL LOOKS
GOOD, BUT
CHALLENGES
REMAIN 9A**



SUSAN TOMPOR
Wall Street
takes stock of
new UAW-GM
agreement 9A



MARK PHELAN
Deal should
hasten shift in
automaker's
lineup 10A

■ More analysis,
reaction inside.

By **CHRISSE THOMPSON**
FREE PRESS BUSINESS WRITER

Both General Motors and the UAW can claim victories with the tentative labor contract they reached Friday night after seven weeks of sometimes-exhausting negotiations.

GM is giving workers \$5,000 signing bonuses, adding thousands of jobs and dishing out a \$3-an-hour raise for entry-level workers. But by adding more low-cost, entry-level workers, buying out highly paid skilled-trades workers and denying the union a cost-of-living adjustment, GM should be able to build each car more cheaply for years to come.

Ultimately, that will mean bigger profits — and pay — for the automaker and its workers.

“Labor costs are going to go down if what’s leaking out is true. And the workers are going to gain. That’s quite the accomplishment,”

Contract details

The UAW plans to release details of its tentative contract with GM members this week. But people familiar with the deal indicate it includes the following provisions:

- A \$5,000 signing bonus
- Profit-sharing based on income from all GM’s North American operations, not just the U.S.
- Increase in second-tier wage of about \$3 an hour over four years
- No major changes in retiree benefits
- Thousands of new jobs

said Kristin Dziczek, director of the labor and industry group at the Center for Automotive Research.

The UAW has declined to release details of the labor agreement until it rolls out the contract to members starting Tuesday.

A statement issued Friday night gave a hint of the union’s top talking points, saying bargainers had secured new jobs, work for plants and improvements in profit-sharing. The union also said it had protected pensions and health care benefits from cuts.

But several people familiar with the pact laid out its details to the Free Press.

The deal will add new jobs, including about 400 at Warren powertrain and an unspecified number at other factories, including Romulus powertrain, Wentzville, Mo., and Spring Hill, Tenn., which will reopen, two of the people said.

The Wentzville plant had been expected to add up to 2,000 jobs to build the next-generation Chevrolet Colorado and GMC Canyon small pickups, contingent upon the completion of a tax incentive package approved last week by

See **CONTRACT**, PAGE 8A

CONTRACT: TENTATIVE DEAL CHEERED BY UAW, GM

FROM PAGE 1A

the town's Board of Aldermen.

New workers, lower labor costs

GM has promised to add or retain about 13,000 U.S. jobs since its 2009 bankruptcy, with about two-thirds of those still to be filled. Once the company has recalled the remaining 570 workers it has on lay-off, it will commence hiring new workers.

New hires will join the ranks of second-tier workers, who currently make about \$14 to \$16 an hour. That compares with the roughly \$28 an hour made by people hired before fall 2007, when the union agreed to let the Detroit Three pay a lower starting wage.

Even if workers ratify the new contract, earning second-tier workers a \$3-an-hour raise over four years, growing the number of lower-cost workers will lower GM's overall cost of producing each car. The automaker is planning to increase production, anticipating U.S. sales will continue their slow increase from the quarter-century low levels of 2009.

View from Wall Street

GM also will reduce labor costs if higher-paid skilled-trades workers take its upcoming buyout offer. Improved efficiency in GM's plants and equipment requires fewer and fewer electricians, for instance. Continuing to employ so many skilled workers hurts the company's bottom line, especially when unneeded tradespeople are shifted to the production line, where they make their standard wage of about \$32 an hour to do the work of regular production workers.

Paying for the buyout, along with funding the more than \$240 million in signing bonuses, is expected to be embraced by Wall Street, since GM has

nearly \$34 billion in cash on hand.

GM also will not see a hit in its contributions to retirees. Retiree benefits will see no cuts, although the contract has no real gains for retirees, either, two people familiar with the pact said. Changes to the retirees' health, dental and eye benefits would come through the union-run health care trust, not GM.

Goals met on both sides

The gains for workers, along with the attempt to lower fixed costs, appear to meet the goals both the UAW and GM publicized ahead of the start of talks seven weeks ago.

"To the credit of both parties, we were able to work through our differences and put together an agreement that is good both for our members and for the company," UAW President Bob King said Friday in a statement. "Through the collective bargaining process, we can provide decent wages, benefits and employment rights for workers while ensuring quality products and healthy profits for employers."

Now, the UAW must sell the deal to its GM members. Several workers told the Free Press that they predicted an easy ratification. Local union leaders will be briefed Tuesday. A vote is expected to take place in the next week to 10 days.

In July, when contract talks began, GM and UAW leaders said they would keep the automaker's lifesaving taxpayer assistance in mind as they worked on their first contract since GM's 2009 bankruptcy.

"We have a sacred obligation, all of us, to deliver on the promise and the helping hand that the American public extended to this company in its hour of need," GM Chairman and CEO Dan Akerson said

when the talks began.

On Friday, both the UAW and GM touted the creation of U.S. jobs, with King saying the contract would bring work back to the U.S. from other countries.

A finale for 'old Detroit' ways?

Both sides also were equally invested in showing the world that they weren't slipping back into what might be perceived as their old ways.

High labor costs — relative to foreign rivals — and heavy retiree health care burdens had helped to drag down the Detroit Three in the years before the financial crisis. Other contributors: general mismanagement; an over-reliance on light trucks, especially SUVs, and a reliance on profit-eroding incentives that damaged brand value.

That "old Detroit" paradigm was largely cleaned up during the restructurings at the Detroit Three in recent years.

The union did its part, too, agreeing to amend its labor contract with GM and Chrysler in 2009 before the automakers' bankruptcies. That deal brought U.S. wages and benefits to near-parity with foreign competitors, ended the notorious jobs bank that paid laid-off workers, eliminated cost-of-living raises and replaced some of the payments owed to the union's health care trust with stock.

Today, the Detroit Three are more profitable than they've been in years, and at far lower sales volumes. U.S. Rep. Candice Miller, a Republican from Harrison Township, said: "This contract demonstrates that the domestic auto industry is coming back strong."

CONTACT CHRISSE THOMPSON: CTHOMPSON@FREEPRESS.COM; STAFF WRITERS: ARRON KESSLER, BRENT SNAVELY AND GREG GARDNER CONTRIBUTED TO THIS REPORT.

More contract details

The UAW will not release details of its tentative contract with General Motors until UAW members review the details starting this week. But people familiar with the deal indicate it includes the following provisions:

- A \$5,000 signing bonus.
- Profit-sharing based on income from all GM's North American operations, not just the U.S. This is a cap, but the amount is not yet clear.
- Increase in second-tier wage of about \$3 an hour over four years.
- No major changes in retiree benefits.
- Thousands of new jobs, including those at Warren powertrain (about 400 jobs) Romulus powertrain Spring Hill, Tenn., assembly (reopens) Wentzville, Mo., assembly No changes to plans to close Shreveport, La., plant by June 2012.
- Janesville, Wis., assembly remains shuttered.
- Buyout offer for skilled-trades workers.
- No cost-of-living adjustment.
- No wage increases for other hourly workers.
- More opportunities to in-source production of GM plants, such as performing more subassembly of parts in-house.
- Former Delphi plants now owned by GM, including the one in the Grand Rapids area, will now be governed by the same contract as governs the rest of GM's plants.

Comparing the contracts

Here are the highlights of four recent national UAW contracts. The contract covers about 112,000 active workers and more than 500,000 retirees, surviving spouses and dependents at General Motors, Ford, Chrysler, Delphi and Automotive Components Holding (formerly Visteon employees).

BONUSES				
For hourly workers, excluding profit-sharing and each year's maximum \$600 Christmas bonus:				
CONTRACT YEAR	2007	2003	1999	1996
BONUSES BY YEAR	\$3,000 signing bonus	2003: \$3,000 signing bonus 2004: Performance bonus worth 3% of previous year's qualified earnings* 2005: None 2006: None	1999: \$1,350 signing bonus 2000: None 2001: None 2002: None	1996: \$2,000 signing bonus 1997: None 1998: None

BASE WAGES				
Increases for hourly workers, in addition to Cost of Living Adjustment (COLA), by year, as set in the contract:				
CONTRACT YEAR	2007	2003	1999	1996
WAGE INCREASES BY YEAR	No base wage increases, and the UAW agreed to a second-tier entry-level wage of about \$14-\$15 an hour.	2003: 0%, with a 30 cents-per-hour increase for skilled trades members 2004: 0% 2005: 2% 2006: 3%	1999: 3% 2000: 3% 2001: 3% 2002: 3%	1996: 0% 1997: 3%, with a 30 cents-per-hour increase for skilled trades members 1998: 3%

PENSIONS				
CONTRACT YEAR	2007	2003	1999	1996
PAYOUT INCREASE FOR FUTURE RETIREES**	\$2.65 per month per year of credited service	\$4.20 per month per year of credited service (about 9% gain over the life of the contract)	\$7.45 per month per year of credited service (about 19% gain over the life of the contract)	\$4.55 per month per year of credited service (about 13% gain over the life of the contract)
CURRENT RETIREES	Lump-sum payments to retirees and surviving spouses from \$151-\$700, depending on years of credited service.	Got a \$1,000 voucher toward the purchase of a new vehicle in 2003 and 2005. Received lump-sum payments of \$800 in each of the four years. Surviving spouses got 65% of that amount, or \$520. No increase in basic pension.	Got an increase in basic pension of \$1.25 per month per year of credited service. Received lump sums of \$885 to \$1,365 in 2000, 2001 and 2002. Surviving spouses received 65% of what would have been paid to the retiree.	Got an increase in their basic pension of \$1.15 per month per year of credited service. Received lump sums of \$480 to \$960 in 1997 and 1998, and surviving spouses received 60% of what would have been paid to the retiree.
SUPPLEMENT FOR EARLY RETIREES** WITH 30 YEARS OF SERVICE	Rose to \$3,020 per month by the last year of the contract, an increase of \$290, or 10.6%.	Rose to \$2,730 per month by the last year of the contract, an increase of \$435, or 19%.	Rose to \$2,295 per month by the last year of the contract, an increase of \$265, or 13.1%.	

HEALTH CARE					
CONTRACT YEAR	2007	2003	1999	1996	
2007 contract	Included a historic plan to shift oversight of retiree health care benefits to an independent trust, known as a voluntary employee beneficiary association, or VEBA. The trust removed billions in liabilities from the Detroit Three to the UAW.	For brand-name medication not medically necessary, \$5 co-pay, plus the difference in cost between generic and brand-name. ■ \$10 charges for office visits for members enrolled in an HMO. ■ Ceiling on out-of-pocket costs of \$250 for individuals, \$500 for families. ■ Added full coverage of emergency airlift or ambulance service by boat. ■ HMO requirement dropped.	Improved standards for and monitoring of HMOs; mandatory HMO enrollment extended to 48 months. ■ Agreement to consider adding same-sex domestic partners as dependents (added in June 2000).	■ Prescription drug co-pay rose from \$2 to \$5. ■ Vision, dental and hearing-aid benefits were improved. ■ New hires required to enroll in an HMO, if offered in their areas, for two years.	
2003 contract	■ Enhanced medical coverage in areas such as preventive care, mammography, vision, dental care and well-baby care. ■ Co-pay for generic drugs remained at \$5. ■ For brand-name drugs that are medically necessary, the co-pay was \$10.				
1996 contract	■ Better coverage in areas such as dental, vision, early detection and cancer screening, childhood immunizations and ambulance services.				

MISCELLANEOUS					
CONTRACT YEAR	2007	2003	1999	1996	
OTHER BENEFITS	■ Health and safety protections improved. Skilled trades gain 20-cents-an-hour tool allowance and enhanced training on new technology.	■ Maximum duration of market-driven supplemental unemployment benefits extended from 42 weeks to 48 weeks. ■ Four-year contract provides 67 holidays, including election days. ■ Absenteeism policy reduces maximum number of unexcused absences from 12 to 9.	■ Legal services expanded to include termination of parental rights. ■ Four-year contract provided 67 holidays, including Veterans Days and two election days.	■ \$1,000 given per year for each retiree to attend classes at plant or union hall. ■ National Training Center developed a Workplace Violence Prevention Program. ■ Three-year contract provided 48 holidays, including Veterans Day in 1998.	

** Those who retire during the new contract
* Base wages plus COLA, overtime and shift premiums, incentive earnings and paid time off
Source: UAW, Free Press research
Detroit Free Press

Auto talks, like baseball games, aren't over till they're over



TOM WALSH SAYS GM DEAL WAS GOOD START, BUT BIG CHALLENGES REMAIN

and some momentum.

Chrysler is the wild card

Now come the perilous middle innings, presumably with the focus shifting to Chrysler.

In baseball, middle relievers are, by definition, the most unpredictable pitchers on the staff. They're not as good as

the starters, otherwise they'd be in the rotation. And they're not deemed as reliable as the late-inning closers.

Chrysler is in that role — an unpredictable wild card in these 2011 contract talks.

It's the smallest and least profitable of the Detroit Three, and its leaders have been hinting that they are not afraid to force difficult issues to binding arbitration. Marchionne, the globe-trotting Italian-Canadian CEO, can be alternately brilliant, philosophical, profane and grumpy — sometimes in the same cell-phone call.

His testy letter Wednesday to King, chafing at the UAW chief's decision not to leave

the GM bargaining table that night for a meeting with Marchionne, created a stir — but that will be a minor footnote if a UAW-Chrysler deal gets done without further public rancor once the CEO returns to town Tuesday.

Saving Ford for the finale

The UAW is presumably saving Ford for last — the closer — for a couple reasons: ■ Ford has for decades been the union's most steadfast and reliable partner among the Detroit Three. Long-standing good relations between Executive Chairman Bill Ford Jr. and UAW leaders King, his predecessor Ron Gettelfinger and current Vice President

Jimmy Settles have helped forge a bond of trust.

■ The Dearborn automaker is also in a markedly different financial and tactical position than its crosstown rivals. Ford did not take government rescues cash in 2009, and its workers didn't endorse the no-strike and binding arbitration clauses imposed upon GM and Chrysler. Ford also carries more debt than the other two, whose balance sheets were wiped clean in Chapter 11 bankruptcy.

So it makes sense for the UAW to first forge a contract framework that works for GM and Chrysler, then adapt it to address Ford-specific issues, relying on long-standing good-

will with Ford to pull it off.

Returning to the baseball analogy, victory is never assured until the last batter is retired. Even the Tigers' Justin Verlander, baseball's best pitcher this year, has lost a handful of games.

Big challenges remain for the UAW and Detroit Three in these critical talks, as they search for a formula that affords workers a fair share of the financial pie while keeping the companies lean and flexible in a warp-speed, hyper-competitive global economy.

Lots of innings still to play, and nobody can afford to drop the ball.

CONTACT TOM WALSH: 313-223-4430 OR TWWALSH@FREEPRESS.COM

Hourly workers react



ERIC SEALS/Detroit Free Press

General Motors employee Thomas Guyton of Bloomfield Township said he is impressed with the wage increase for entry-level workers and satisfied with the \$5,000 signing bonus. Guyton started working at the Pontiac stamping plant in 1979. "Having a job is a good thing," he says.

NEW DEAL SOUNDING GOOD WAGES BIG CONCERN FOR MANY EMPLOYEES

By BRENT SNAVELY
FREE PRESS BUSINESS WRITER

General Motors hourly workers were impressed with some of the gains they stand to receive as they learned of the details of a new tentative UAW-GM deal.

If ratified by workers, the tentative contract is expected to provide a \$5,000 signing bonus, an improved profit-sharing formula and a \$3 wage increase for new workers, the Free Press has learned.

"From what I have heard, I think it sounds fair under the circumstances with the way the economy is and all," said Ricardo Villarreal, 58, who works at Orion Assembly.

While Villarreal was hoping for a buyout option for production workers, his main concern was wages.

"I wanted to see my wage not change, to stay what it had been," Villarreal said.

In 2009, GM was prepared to close Orion Assembly until the UAW agreed to allow the company to hire up to 40% of the work force as entry-level workers. Now, that plant makes the Sonic, GM's new subcompact car.

Thomas Guyton, a long-time GM worker at the Pontiac stamping plant, said he is impressed with the wage increase for entry-level workers and satisfied with the



WILLIAM ARCHIE/Detroit Free Press

GM's flagship engine plant in Romulus also gets guaranteed new investment in the tentative contract.

signing bonus.

"All of that sounds good," Guyton said. "The only thing that disappoints me slightly is I would have hoped that the new profit-sharing formula would be on worldwide basis. GM is doing some serious expansion in China, and GM leads the way there."

Under the tentative agreement, annual profit-sharing checks will be based on GM's North American profits instead of U.S. profits.

Now that the union has reached an agreement with GM, it likely will turn its attention to Chrysler. The UAW agreed to extend its contracts with Chrysler and Ford last week while it finished discussions with GM.

Henry Salazar of Clark-

ston said he is hoping Chrysler workers can get a deal similar to the GM contract.

"I'm sure the International (UAW) negotiated the best deal that they could," said Salazar, who works for Chrysler's Mopar division in California. "I would ratify it if I were them."

GM's retirees, however, were disappointed to learn Saturday that the union's tentative agreement isn't expected to provide a gain in benefits.

"It doesn't surprise me, because once they get you out the door, they just forget about you," said Rudy Purdue, 56, of Arlington, Texas. "As soon as I got out of there, I got screwed out of my dental and vision coverage."

Wall Street analysts take stock as UAW, GM contract takes shape



SUSAN TOMPOR SAYS AUTO WAGE GAINS COULD BOOST MICHIGAN'S ECONOMY

The tentative agreement between the UAW and General Motors could be welcome news on factory floors. But Wall Street will be watching closely Monday for more details — and some analysts question how much auto stocks could speed ahead from here.

In what was, overall, a favorable week for the stock market as Europe's debt problems appeared closer to resolution, General Motors closed Friday at \$22.61 a share, down 8 cents. Ford closed at \$10.62, off a penny.

Some analysts say auto stocks could still be held back by fears of recession in the U.S. Europe or even the chance of a deeper global economic downturn.

Jim Cramer, host of CNBC's "Mad Money," said auto stocks could meander higher because they've become so cheap after the summer sell-off.

"But you need a resolution in Europe to feel better about them," Cramer told me in an e-mail. He noted that GM and Ford both have a large business on the continent.

Boost for Main Street

On Main Street, profit-sharing checks, signing bonuses and wage gains for some workers could give a bit of a boost to the Michigan economy if the agreement is ratified by the UAW membership. Extra cash is extra cash.

While the dollars involved in the contract may not be overwhelming for many UAW families, the slightly higher wages for some entry-level workers can have an economic impact on metro Detroit and other communities "where auto manufacturing makes up a significant part of the employment base," said Kurt Rankin, economist for PNC Financial Services Group.

The reality is that many people aren't getting even slight increases in wages these days — given the high jobless rate, continued cutbacks at many companies and the competition for job openings.

"It was implied there would be very little," Cone said.

"Contracts that include wage increases would put more money in workers' pockets, thereby providing

the foundation for increased consumer spending locally," Rankin said.

The primary beneficiaries are likely to be grocery stores, clothing stores, restaurants and services such as haircuts.

Raise to cover necessities

Workers hired under the two-tier wage system make \$14-\$16 an hour. Union leadership has said that's not a living wage — so some of the raises would certainly cover necessities, not luxury items.

UAW workers, like everyone else in this tough economy, are dealing with debt and dramatic declines in home values, so added money could go to pay bills and boost savings.

The UAW agreed to create a two-tier wage system in 2007, which allowed the carmakers to hire new workers at about half the pay of veteran employees.

About 4,000 of the 12,000 workers at GM, Ford and Chrysler are in the lower second-tier system. Automakers may hire more people at the lower pay scale as older workers retire.

How much workers spend of signing bonuses or extra wages, though, will depend on how confident they feel about their jobs, the outlook for the auto industry and the trend for auto stocks.

Positive production outlook

Mike Jackson, senior manager for North American vehicle production forecasting and analysis for IHS Global in Northville, said IHS forecasts expect North American light vehicle production to finish at 12.9 million — up from 11.9 million cars and trucks in 2010.

The economic and political headwinds, though, could create more uncertainty for the auto industry, even with a new UAW contract.

The forecast for autos has been volatile following the impact of the earthquake and tsunami in Japan and the mounting jitters this summer about the U.S. and global economies.

Jackson said the outlook remains quite favorable, though, considering that one million units of output will be added in 2011 — and it's estimated that production will climb to 13.84 million units in 2012. The restructuring in the industry means that, going forward, the prospects for higher profitability are greatly improved, he said.

"Contracts that include wage increases would put more money in workers' pockets, thereby providing

CONTACT SUSAN TOMPOR: 313-222-8878 OR STOMPOR@FREEPRESS.COM

COVER STORY 2011 AUTO TALKS

Deal has potential to be lucrative for workers, plants, communities

Signing bonus, new jobs would be boon

By GREG GARDNER
FREE PRESS BUSINESS WRITER

General Motors likely will add jobs at plants in Romulus and Warren if workers ratify the tentative four-year agreement reached late Friday night.

The \$5,000 signing bonus, which will cost GM about \$240 million, will inject money into

the local economies of communities, a large portion of which are in metro Detroit, Flint and Lansing. If Chrysler and Ford agree to it, there are about 56,000 UAW employees in Michigan among the three automakers that could receive the same amount.

"For every dollar, you can multiply it by between 1.8 and 2.5 times, depending on how much is spent in the state, outside the state or used to pay

back debt," said David Sowerby, portfolio manager with Loomis Sayles.

GM agreed to invest in new products and technology, as well as reopen idle plants, as incentives to get 48,500 UAW members to approve the pact, according to a person familiar with the agreement.

"This contract will get our members who have been laid off back to work and will create new jobs in our communities,"

UAW President Bob King said in a statement.

UAW leaders will present more details of the new investments Tuesday when they brief local union officers.

In addition to the Romulus engine and Warren transmission plants, GM will spend to produce a future product at its Wentzville, Mo., assembly plant near St. Louis where workers now make large rear-wheel drive vans: the Chevrolet

Express and GMC Savana. GM also will reopen its Spring Hill, Tenn., assembly plant to produce an undisclosed new vehicle. The Spring Hill plant closed in 2009 as part of GM's bankruptcy restructuring.

"I had not heard anything about that," said Danny Pelissier, president of UAW Local 163 at GM's Romulus powertrain plant. "I really don't want to comment on something I haven't heard about from our offi-

cials."

About 700 people now work at the Romulus plant making V6 and V8 engines for GM's pickups and full-size SUVs.

Warren employs 679 people making transmissions for the Chevrolet Malibu and Traverse, the GMC Acadia and Buick Enclave, according to GM's Web site. Leaders of UAW Local 909 in Warren could not be reached for comment.



MARK PHELAN SAYS DEAL SHOULD ACCELERATE SHIFT IN AUTOMAKER'S LINEUP

New contract boon for fuel efficiency

General Motors' new contract with the UAW should accelerate the automaker's shift to a more fuel-efficient lineup of vehicles, engines and transmissions. The deal affects GM's production for the next four years, leading up to demanding new fuel economy standards.

"Americans get really interested when you show them a fuel-efficient version of a vehicle they already want to buy," said Rebecca Lindland, a New York-based analyst with IHS Automotive.

The Colorado small pickup Chevrolet displayed at the Frankfurt auto show in Germany last week may now come to the U.S. Small pickups once meant big business for American and Japanese automakers. Their sales tanked in the last few years as their prices and fuel economy became less competitive, and full-size pickups improved.

GM's technical center in Brazil led development of the Colorado with the aim of creating an inexpensive, reliable workhorse vehicle that could be sold around the world.

There's widespread speculation that GM's Wentzville, Mo., assembly plant will add the Colorado pickup during the contract's term. The Shreveport, La., plant that built the old Colorado and GMC Canyon is slated to close by next June.

Newer GM workers may get lift

But \$3-per-hour raise for 2nd tier not enough, some say

By BRENT SNAVELY
FREE PRESS BUSINESS WRITER

The UAW won a pay increase for entry-level workers of about \$3 per hour over four years in the tentative deal with General Motors — marking a key victory for UAW President Bob King, who said in August that gaining a wage increase for entry-level workers was his "highest priority."

Most entry-level workers currently earn between \$14 and \$16 an hour — about half of the \$28 per hour that veteran, tier-one workers earn. But the lower pay scale has been controversial and unpopular, even among tier-one workers, because it violates the union's long-held principle of equal pay for equal work.

Manuel Ledesma, 44, of Clarkston, said he is surprised that the union made progress with entry-level wages.

"That actually sounds pretty amazing to me — just to have the UAW and GM reinstating a pay increase to me is kind of shocking," said Ledesma, who works at Orion Assembly as a tier-one worker. "I wanted to look out for the new generation that's coming in."

However, Gregory Warzecha, 34, of Clarkston said Saturday he is not impressed with the \$3 increase.

"Unless it is a \$5 or \$6 increase, we are going to push for a no vote in this contract," said the Orion Assembly worker. He belongs to an activist group that wants to eliminate the two tiers of workers.

The two-tier wage structure



Photos by WILLIAM ARCHIE/Detroit Free Press

Manuel Ledesma, 44, with his sons Andre, 16, left, and Jesse, 21, in their Clarkston home on Saturday. The first-tier GM worker said the pay increase in the tentative contract agreement "sounds pretty amazing to me. ... I wanted to look out for the new generation that's coming in."

remains a controversial issue in the UAW even though auto-workers ratified a contract in 2007 that allowed the Detroit Three to hire workers for lower pay. That wage was to start at about \$14 an hour and increase during the life of the contract.

In 2009, the UAW agreed to freeze the starting wage until 2015 at GM and Chrysler. That concession was made as the automakers were on the brink of bankruptcy.

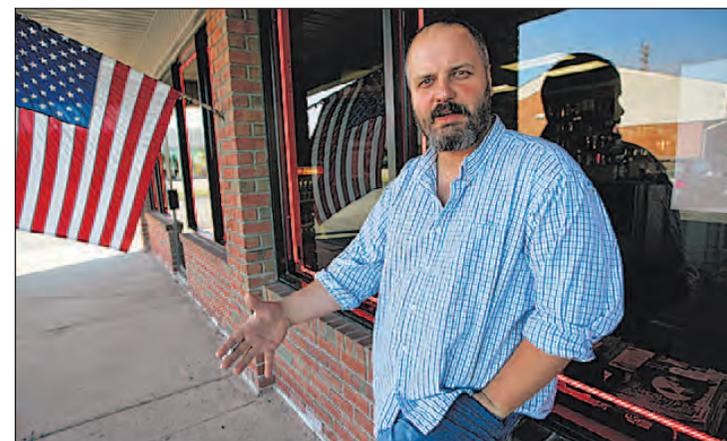
Ford's entry-level workers start at \$15.51 per hour — higher than Chrysler and GM — because its workers rejected simi-

lar emergency contract modifications in 2009.

While King complained that workers who make \$14 to \$16 an hour barely earn enough to be above the poverty level for a family of four, the second-tier pay helped make the Detroit Three more competitive, led to thousands of new jobs and will likely lead to thousands more.

The UAW is expected to use the agreement it won with GM as a pattern as it completes negotiations at Chrysler and Ford.

CONTACT BRENT SNAVELY: 313-222-6512 OR
BSNAVELY@FREEPRESS.COM



Gregory Warzecha, 34, said Saturday that he is not impressed with a prospective \$3-per-hour raise. He's worked for GM for four years.

Detroit Free Press Breaking News entry



The screenshot shows the top navigation bar of the Detroit Free Press website. The navigation bar includes links for CLASSIFIEDS, CARS, JOBS, HOMES, APARTMENTS, CLASSIFIEDS, E-CIRCULARS, DAILY DEALS, ADVERTISE, and SUBSCRIBE. The Detroit Free Press logo is prominently displayed, along with the text 'A GANNETT COMPANY'. Below the logo are navigation links for Local News, Sports, Autos/Biz, Classifieds, and En. A secondary navigation bar features links for Sign up, Log in, and a FEATURED section with links to e-Edition, MitchAlbom.com, Metromix, High School Sports, and Marathon.

BREAKING NEWS Last Updated 11:11 PM

Breaking: GM UAW reach deal on tentative agreement

The UAW said tonight it has have reached an agreement with General Motors that covers 49,000 U.S. workers. The announcement caps seven weeks of negotiations that extended beyond the deadline of the outgoing four-year contract.

Top News Updated: 11:11 PM, Sep. 16, 2011 **Most Popular**

We were first to break the news of the GM/UAW deal, posting it on our web site at 11:11 p.m. We posted to Twitter and Facebook a few minutes later. We put it at the top of our site using the Breaking News module.

BREAKING NEWS Last Updated 11:45 PM



GM, UAW reach deal on tentative agreement

The UAW said tonight it has reached an agreement with General Motors that covers 49,000 U.S. workers. The announcement caps seven weeks of negotiations that extended beyond the deadline of the outgoing four-year contract.

MORE: [Statement from UAW: UAW and General Motors reach tentative agreement](#) | [Tensions with Chrysler set stage for UAW to switch its focus to Ford](#) | [Workers hope for some gains in UAW talks](#) | [Chrysler workers losing patience](#)

Top News
Updated: 12:13 AM, Sep. 17, 2011

Most Popular



Official: Plane problems may

Live scoring: Kelly homers, Tigers take 3-1 lead

11:56 PM, Sep. 16, 2011

- Was Jim Leyland's underwear Tigers' lucky charm?
- Jamie Samuelson's blog: Scenarios set for a wild Tigers scene tonight
- ESPN talking heads take note of Tigers 12-game winning streak
- Justin Verlander featured on cover of Sports Illustrated

With video: Tearful scene in court as 3 teens get life in attack on

Within a half-hour of breaking the news, we had updated the story and added several links to previous and related stories. We also had the full text of the statement from the UAW about the deal. At this point, we were still way ahead of our competitors.

CLASSIFIEDS: CARS JOBS HOMES APARTMENTS CLASSIFIEDS E-CIRCULARS DAILY DEALS ADVERTISE SUBSCRIBE

Detroit Free Press

A GANNETT COMPANY

Local News Sports Autos/Biz Classifieds Ent

Sign up Log in

FEATURED: e-Edition MitchAlbom.com Metromix High School Sports Marathon

BREAKING NEWS Last Updated 9:36 AM



GM, UAW reach deal on tentative agreement

The UAW said late Friday night that it has reached an agreement with General Motors that covers 49,000 U.S. workers. The announcement caps seven weeks of negotiations that extended beyond the deadline of the outgoing four-year contract.

MORE: GM's statement on tentative deal agreement with UAW | Statement from UAW: UAW and General Motors reach tentative agreement | Tensions with Chrysler set stage for UAW to switch its focus to Ford | Workers hope for some gains in UAW talks | Chrysler workers losing patience

By the next morning, we had a full write-through of the story along with GM and UAW's statements on the deal. We kept the story in the Breaking News spot since the news was still so fresh and it was the weekend. We wanted to make sure to show our readers its importance.

CLASSIFIEDS: CARS JOBS HOMES APARTMENTS CLASSIFIEDS E-CIRCULARS DAILY DEALS ADVERTISE SUBS

Detroit Free Press

A GANNETT COMPANY

Local News Sports Autos/Biz Classifieds

Sign up Log in FEATURED: e-Edition [MilchAlbom.com](#) [Metromix](#) [High School Sports](#) [Marath](#)

CHRYSLER NEXT? Last Updated 12:15 PM



GM-UAW deal creates jobs, calls for 'significant' plant investments

The UAW said late Friday night that it has reached an agreement with General Motors that covers 49,000 U.S. workers. The announcement caps seven weeks of negotiations that extended beyond the deadline of the outgoing contract.

MORE: [GM's statement on tentative deal agreement with UAW](#) | [Statement from UAW: UAW and General Motors reach tentative agreement](#) | [Tensions with Chrysler set stage for UAW to switch its focus to Ford](#) | [Workers hope for some gains in UAW talks](#) | [Chrysler workers losing patience](#)

Top News **Most Popular**

By later in the day, we were able to offer our readers some analysis and look-ahead to Chrysler's talks with the UAW.

CLASSIFIEDS: CARS JOBS HOMES APARTMENTS CLASSIFIEDS E-CIRCULARS DAILY DEALS ADVERTISE SUBSCRIBE

Detroit Free Press
A GANNETT COMPANY

Local News Sports Autos/Biz Classifieds Ent

Sign up Log in FEATURED: e-Edition MitchAlbom.com Metromix High School Sports Marathon

SOUTHFIELD CHRYSLER DODGE Jeep

PROFIT SHARING SWEETENED Last Updated 12:39 PM



GM-UAW tentative deal: \$5,000 signing bonus, more jobs, 2nd-tier wage hike

The deal will add about 400 jobs at Warren powertrain and an untold number at other facilities, including Romulus powertrain, Wentzville, Mo., and Spring Hill, Tenn., which will reopen, according to two people familiar with the plan. There will also be no cut to retiree benefits.

MORE: GM's statement on tentative deal agreement with UAW | Statement from UAW: UAW and General Motors reach tentative agreement | Tensions with Chrysler set stage for UAW to switch its focus to Ford | Workers hope for some gains in UAW talks | Chrysler workers losing patience

Top News Most Popular sponsored by HomeFinder

We continued to update the story with lots of specific details related to the deal. We had many more details about the deal than our competitors had.

CLASSIFIEDS: CARS JOBS HOMES APARTMENTS CLASSIFIEDS E-CIRCULARS DAILY DEALS ADVERTISE SUBSCRIBE

Detroit Free Press
A GANNETT COMPANY

Local News Sports Autos/Biz Classifieds Ent

Sign up Log in

FEATURED: e-Edition MilchAlbom.com Metromix High School Sports Marathon

PROFIT SHARING SWEETENED Last Updated 2:36 PM



GM-UAW tentative deal: \$5,000 signing bonus, more jobs, 2nd-tier wage hike

The deal will add about 400 jobs at Warren powertrain and an untold number at other facilities, including Romulus powertrain, Wentzville, Mo., and Spring Hill, Tenn., which will reopen, according to two people familiar with the plan. There will also be no cut to retiree benefits.

MORE: Profit-sharing could mean thousands of dollars for GM workers | What does the UAW-GM deal mean for Michigan? | Tom Walsh: With GM deal reached, the auto talks game moves into middle innings | Mark Phelan: What the deal could mean for future GM products | GM's statement on tentative deal agreement with UAW | Statement from UAW: UAW and General Motors reach tentative agreement | Tensions with Chrysler set stage for UAW to switch its focus to Ford | Workers hope for some gains in UAW talks | Chrysler workers losing patience

Top News Most Popular

By the afternoon, our coverage increased immensely. We had analysis, a column and several stories about the deal and its details with worker reaction. We kept it in this lead Breaking News spot on the web site all day.