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UAW workers ratify concessions to Ford

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By David Bailey DETROIT | Mon Mar 9, 2009 7:59pm EDT

(Reuters) - Ford Motor Co and the United Auto Workers said on Monday that workers had agreed to U.S. contract concessions and a new funding arrangement for a retiree healthcare trust to help the automaker preserve cash amid the auto industry downturn.

The cuts approved by workers in voting at units across the United States puts additional pressure on General Motors Corp and Chrysler to complete discussions with the UAW that are required as part of their government bailouts.

In effect, Ford has negotiated concessions from the UAW on a par with those mandated by the government for GM and Chrysler, but ahead of its cross-town

rivals.

Members of the Obama administration task force were touring GM and Chrysler facilities in the Detroit area on Monday. Chrysler, which is about 80 percent controlled by Cerberus Capital Management, and GM have until the end of March to demonstrate that they can be made viable.

At Ford, about 59 percent of production workers and 58 percent of skilled-trades workers voted to accept the changes.

The agreement between Ford and the UAW is one of several steps the automaker has taken to cut costs and maintain liquidity for a turnaround plan that started four years ago.

Ford has not sought emergency loans from the U.S. government.

"The voting results show that our members are prepared to make painful sacrifices in order to be part of the solution to the problems facing Ford and the U.S. auto industry," UAW Vice President Bob King said in a statement.

Ford said it worked closely with the UAW to identify changes that would help make its labor costs competitive with U.S. operations of foreign-owned automakers.

The automaker said those changes also were "important to our efforts to operate through the

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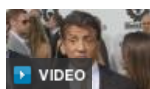
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current economic environment without accessing a bridge loan from the U.S. government."

The agreement with the UAW includes contract changes that will reduce Ford's labor costs and also allows Ford to make up to half of required payments into VEBA (the retiree healthcare trust) in company stock, reducing the drain on Ford's liquidity.

GM and Chrysler are required to complete concession agreements on labor costs and to provide half of their VEBA funding in company stock as conditions for their emergency government loans.

Ford posted a record \$14.7 billion net loss in 2008 and losses have totaled about \$30 billion in the past three years, but the automaker has said it believes it has adequate liquidity to navigate 2009 without emergency government loans.

The automaker also has cut salaried jobs, executive pay and last week launched an effort to reduce its \$25.8 billion of automotive debt by up to 40 percent through conversion of debt to equity and two cash tender offers.

The labor agreement is contingent on the pursuit of the debt reduction and other actions. Ford also provided confirmation of future business for certain UAW plants in exchange for the concessions.

(Reporting by David Bailey; Editing by [Tim Dobbyn](#) and Carol Bishopric)

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