

AT A GLANCE

Jobs lost: Auto parts maker BorgWarner announced it will close its plant in Muncie, costing 780 people their jobs. The company said the factory will shut down by April 2009, when the current union contract expires.

Economic blow: It is the fourth major Indiana auto parts plant to announce closings this year, costing some 4,400 jobs.

Trophies: BorgWarner, which was formed in 1928, might be best known for providing trophies to winners of the Indianapolis 500.

Muncie plant to close in two years

Company's decision will affect 780 workers

The Associated Press

MUNCIE

Auto parts maker BorgWarner announced Thursday it would close its plant in the city, costing 780 people their jobs.

The move had long been feared by workers at the plant, which had employed as many as 5,500 people in the years after World War II. It is the fourth major Indiana auto parts plant to announce closings this year that will cost the state some 4,400 jobs.

Auburn Hills, Mich.-based BorgWarner said its Muncie operation would close by April 2009, when the current contract with United Auto Workers Local 287 expires. On Dec. 18, workers unanimously rejected the request to open contract negotiations.

Company officials said they expected the plant's work force to be gradually reduced as demand for products decreases.

The factory, which had about 1,300 employees in recent years, has struggled as demand for its main product — transfer cases for Ford Motor Co. transmission systems — slumped amid declining Ford truck sales, the company said Thursday in its fourth-quarter earnings statement.

"I was dreading that it was going to come, but it doesn't surprise me," retired BorgWarner worker Mike Abney said. "I could see all the signs. When they take jobs out and don't put jobs back in, that tells you the plant is going to die."

Shares of BorgWarner rose \$4.29, or 6.1 percent, to close Thursday at a new 52-week high of \$74.30 on the New York Stock Exchange after the company announced the plant closing and boosted its profit guidance for 2007.

The company, which was formed in 1928, might be best known for providing trophies to winners of the Indianapolis 500.

The plant closing announcement was more bad news for Indiana workers, as Visteon Corp. said last week it would close its Connersville plant Sept. 1, idling 890 workers. Last month, Pendleton-based Guide abruptly closed a 1,000-worker Anderson taillight plant and Ford announced it would close its Indianapolis steering systems plant with about 1,700 workers by the end of 2008.

Gov. Mitch Daniels said BorgWarner's decision was a reminder that the state needs to work hard to attract new jobs.

"Government cannot save a business that's losing money or failing, but government must work hard to add more jobs than are being phased out in the economy at any one time," Daniels said.

The BorgWarner announcement came as the company said European sales were strong while North American sales were down.

"Deterioration of our business in North America drove strategic restructuring activities," company Chairman and CEO Tim Manganello said in the statement. "The process of stabilizing our business in North America, while difficult, has left us a stronger, leaner company better equipped to manage the dynamics of that market."

Blaze

(CONTINUED FROM PAGE ONE)

Flames had spread to the second floor of the home when firefighters arrived.

Some belongings were salvaged, but, structurally, the home was severely damaged, Morris said.

Firefighters were able to save the children's two pet mice and two rabbits, he said.

The parents had been contacted and were on their way back on Thursday, Morris said.

Investigators were looking for a cause for the fire Thursday.

Firefighters from Franklin, Bargersville and Trafalgar helped fight the fire, Morris said.

Rival Palestinian leaders make deal

Hamas group promises to respect peace

By MOHAMMED DARAGHMEH
THE ASSOCIATED PRESS

MECCA, Saudi Arabia

Rival Palestinian leaders signed an agreement on a power-sharing government Thursday in Saudi-brokered talks in Mecca, with the militant Hamas group promising to respect peace deals with Israel.

Palestinian President Mahmoud Abbas, of the mainstream Fatah movement, and Khaled Mashaal, leader of Hamas, signed the accord at a ceremony hosted by Saudi King Abdullah in a palace overlooking the Kaaba, Islam's holiest shrine.

The deal, reached on the second day of the marathon talks, sets out the principles of the coalition government, including a promise that it will respect previous peace deals with Israel, delegates said. It also divides up Cabinet posts in the new government.

Announcing the agreement at



From left, Hamas leader Khaled Mashaal, Palestinian President Mahmoud Abbas and Palestinian Prime Minister Ismail Haniyeh pray in Mecca on Thursday.

the ceremony, Abbas aide Nabil Amr read a letter in which Abbas designated Prime Minister Ismail Haniyeh of Hamas to draw up the new government within five weeks according to the formula agreed on in the talks.

Abbas said the deal would "satisfy our people ... and bring us to the shores of peace. ... This initiative has been crowned with success."

Mashaal said the accord "will unify our ranks. There is a commitment and unity. We will preserve this partnership."

Israeli government spokeswoman Miri Eisin said late Thursday that the new Palestinian government must accept all three international conditions: recognition of Israel, acceptance of all former agreements, and a renunciation of all terror and violence. She would not say whether Israel believes the guidelines of the new government fulfill those demands.

Before the ceremony, a Hamas delegate said the deal set the outlines of the new government's political platform, including a

provision by which the factions, including Hamas, would respect previous peace deals between the Palestinians and Israel. The delegate spoke on condition of anonymity because he was giving out information before the formal announcement.

They will also be based on a document drawn up during the summer by Hamas and Fatah activists in Israeli prisons. That document calls for a Palestinian state in the West Bank, Gaza and east Jerusalem, the areas Israel captured in the 1967 Mideast War.

In drawing up the new government, Hamas is to propose an independent candidate to hold the crucial post of interior minister, who would control the Palestinian security forces. Abbas would then approve the candidate. The Interior Ministry post was one of the main obstacles to the deal, with each side reluctant to see it in the hands of the other.

The delegations from Hamas and the moderate Fatah faction talked until 3 a.m. Thursday and resumed at midmorning.

The Saudis, who did not participate in the talks, invested considerable effort in convening the negotiations. The kingdom seeks both an end to the bloodshed in

the Palestinian streets and the resumption of formal Israeli-Palestinian settlement talks, something it regards as vital to reducing tensions across the Mideast.

International acceptance is key. Unless Israel, the United States and the European Union find the wording satisfactory, the financial embargo will not be lifted and it will be difficult to advance the peace process.

Israel has refused to talk to the Hamas-led government, though it has talked with Abbas, a moderate who was elected separately in 2005.

Israeli Prime Minister Ehud Olmert, Abbas and Secretary of State Condoleezza Rice are due to meet Feb. 19 in Jerusalem for talks intended to revive the peace process.

In Gaza City, gunmen fired into the air in celebration and fireworks lit up the sky.

Fish vendor Mahmoud Qasam, 27, watched the signing ceremony on television with his family in their shop in Gaza City's Shati refugee camp.

"For four or five days we've been holding our breath. God willing, this is a permanent agreement, not a temporary truce," he said.

BRIEF STATE

INDIANAPOLIS

Buyer returns to Washington after injury

U.S. Rep. Steve Buyer has returned to Capitol Hill after weeks of rehabilitation for a knee injury he suffered while skiing in December.

Buyer, 48, returned to work after taking a medical leave to undergo physical therapy in Lafayette.

The congressman jumped back into work last week with the cane he uses after graduating from a wheelchair and crutches. He has decreased his daily regimen of physical therapy to three hours from eight.

Buyer represents Indiana's 4th congressional district, which stretches from the Lafayette area through the western and southern suburbs of Indianapolis to the Bedford area, south of Bloomington.



BUYER

BRIEF NATION

WASHINGTON

Mortgage rates fall for first time in months

Rates on 30-year mortgages fell for the first time since early December as lower-than-expected job growth eased worries in financial markets about inflation.

Mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.28 percent this week, down from 6.34 percent last week. Last week's level had been the highest for mortgages since October.

The small decline was the first drop in rates since Dec. 7 when 30-year mortgages had fallen to 6.11 percent, the lowest level since early 2006.

The decline this week came after a government report showed that the unemployment rate edged up to 4.6 percent in January when a fewer-than-expected 111,000 jobs were created.

BRIEF WORLD

WASHINGTON

North Korea offers to turn off nuclear reactor

North Korea is proposing to shutter its main nuclear reactor and allow U.N. monitoring in return for massive energy shipments and normal relations with the United States, according to an American nuclear expert who visited Pyongyang last week.

David Albright, a former U.N. nuclear inspector, said in an interview Tuesday that North Korean officials told him they also wanted another key concession for shutting down their Yongbyon reactor: the lifting of U.S. financial restrictions imposed for reported North Korean counterfeiting of U.S. currency and money laundering. Those restrictions have led to about \$24 million in North Korean funds being frozen at a Macau bank.

North Korea, the United States, South Korea, Japan, China and Russia are set to begin a new round of talks Thursday in Beijing aimed at ridding the North of its nuclear weapons program.

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