



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

AUG 04 2009

Memorandum

To: Stephen Barber, Acting Director

Through: Terrence Deneen, Chief Insurance Program Officer *TD*

From: Israel Goldowitz, Chief Counsel *IG*
Karen L. Morris, Deputy Chief Counsel *Kim*
Charles L. Finke, Deputy Chief Counsel *CF*

Subject: Delphi Corp. ("Delphi" or the "Company")

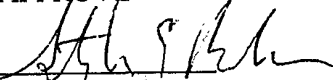
On July 20, 2009, PBGC issued Notices of Determination ("NODs") for six pension plans sponsored by Delphi Corporation: -- the Delphi Retirement Program for Salaried Employees, the Delphi Hourly-Rate Plan, the Packard-Hughes Interconnect Bargaining Retirement Plan, the Packard-Hughes Interconnect Non-Bargaining Retirement Plan, the ASEC Manufacturing Retirement Program, and the Delphi Mechatronic Systems Retirement Program. The NODs stated that PBGC intended to have July 22, 2009 established as the date of plan termination ("DOPT"). As explained in the attached memorandum dated July 20, 2009, this DOPT was chosen because of the imminent risk of foreclosure by Delphi's DIP lenders and the potential loss of substantially all value available for PBGC recoveries. Because of this risk, and consistent with PBGC's practices, on July 22, 2009, PBGC filed actions in district courts in Michigan, Oklahoma, and California to terminate all six plans.

On July 30, 2009, Judge Drain of the U.S. Bankruptcy Court for the Southern District of New York issued an order confirming Delphi's proposed modifications to its plan of reorganization in the bankruptcy proceedings, including provisions approving Delphi's settlement with PBGC and authorizing Delphi to sign termination and trusteeship agreements with PBGC for all six plans. Because the risk of foreclosure has become moot, and because of the substantial administrative time and cost savings to PBGC in doing so, DISC and OCC, in consultation with affected agency departments, now recommend establishing a DOPT of July 31, 2009. Delphi is in agreement with this DOPT, and no participants' interests are harmed by the nine-day change.

Delphi Salaried AR000114

Therefore, we seek your concurrence in establishing July 31, 2009, as the plan termination date without issuing additional NODs for all six plans.

APPROVE


Stephen Barber,
Acting Director

DISAPPROVE

Stephen Barber,
Acting Director

Attachment

cc: Richard Macy, Chief Operating Officer
Patricia Kelly, Chief Financial Officer
John F. Greenberg, Chief Investment Officer
Andrea Schneider, Chair, Trusteeship Working Group
Joseph House, Director, Department of Insurance Supervision & Compliance



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

Confidential Memorandum

To: Vincent Snowbarger, Acting Director

From: Richard Macy, Chief Operating Officer

Terrence Deneen, Chief Insurance Program Officer

Subject: Delphi Corp. ("Delphi" or the "Company")

On April 21, 2009, the Trusteeship Working Group ("TWG") voted to approve DISC's recommendation to initiate termination of Delphi's Hourly-Rate Plan ("HRP") and Salaried-Rate Plan ("SRP"). At the time, there was a significant risk that Delphi's DIP lenders would foreclose on the stock of Delphi's foreign affiliates, thus causing a break-up of the Delphi controlled group, which would remove substantially all value available for PBGC recoveries. Before PBGC published the Notice of Determination ("NOD") for those two plans, however, Delphi's DIP lenders agreed to provide PBGC five-days written notice prior to exercising their right of foreclosure, and PBGC agreed to forebear from terminating until after it had received that notice. On July 15, 2009, J.P. Morgan, as agent for the DIP lenders, issued written notice of its intent to exercise its remedy of foreclosure; the notice period expires at the end of the day on July 22, 2009.

Accordingly, on July 22, 2009, PBGC intends to publish the NODs for termination of the HRP and SRP, previously approved in April, setting July 22, 2009 as the date of plan termination. This will mature PBGC's claims with respect to the HRP and SRP in advance of any controlled group break-up.

Similarly, in order to protect the four additional pension plans sponsored by subsidiaries of Delphi Corporation -- the Packard-Hughes Interconnect Bargaining Retirement Plan, the Packard-Hughes Interconnect Non-Bargaining Retirement Plan, the ASEC Manufacturing Retirement Program, and the Delphi Mechatronic Systems Retirement Program, (collectively, the "Subsidiary Plans") -- DISC recommends initiating termination of those plans concurrent with termination of the HRP and SRP and on the same grounds, as set forth in the attached TWG memorandum.

Andrea Schneider has indicated that the TWG will be unable to convene in light of the time constraints and circumstances presented above. Therefore, because "time is of the

Delphi Salaried AR000116

essence and facts and circumstances make it impractical to convene a meeting of the TWG," we urge you to concur in the recommendation to terminate the Subsidiary Plans in accordance with paragraph 10(a) of Directive Number TR 00-2, "Termination and Trusteeship of Single-Employer Pension Plans."

Issue Notices of Determination:

APPROVE

DISAPPROVE

Vincent Snowbarger,
Acting Director

Vincent Snowbarger,
Acting Director