

# DELPHI

October 8, 2005

Dear Delphi Customer:

At Delphi, we understand that you have placed your trust in us to deliver on our commitment to you. We want to assure you that we are placing our highest priority on doing that every day and will continue to do so. As such, we felt it was vital for you to hear from us personally about an important action Delphi Corporation has taken to preserve the value of the company, and complete its transformation plan designed to resolve Delphi's existing legacy issues and the resulting high cost structure of its U.S. operations.

Today Delphi Corporation and certain of its domestic U.S. subsidiaries filed voluntary petitions for business reorganization under chapter 11 of the U.S. Bankruptcy Code.

There are several important facts you should know:

- 1) First and foremost, you should know that ***none of Delphi's non-U.S. subsidiaries were included in the filing and their operations are not subject to the requirements of chapter 11.*** We do not expect there to be any material impact on our business relationship or our ability to continue to pay for goods and services. We will continue to purchase and pay for goods and services in the normal course of business. Similarly, we will continue to provide products and services to meet the needs of our customers.
- 2) Delphi has no plans to commence any insolvency proceedings in Asia Pacific, Canada, Europe, South America or Mexico that would result in the liquidation of any of our businesses. Our operations here are solid with positive cash flow and competitive margins. Should you or anyone in your organization have the slightest concern, I am prepared to meet with you to discuss the situation.
- 3) ***Delphi's U.S. operations are not going out of business.*** Chapter 11 in the United States is different from most other insolvency laws around the world and in most cases does not involve the liquidation or dissolution of the company. The chapter 11 process will permit Delphi to continue to operate its business and serve our customers worldwide without interruption while Delphi's management team develops a plan of reorganization that will address our U.S. cost structure issues. Our chapter 11 reorganization is well financed, well planned and well organized.
- 4) Our U.S. operations filed for chapter 11 in the United States to address the legacy issues faced by our U.S. operations. These costs were inherited when Delphi was spun off from General Motors Corporation in 1999. The situation that has given rise to the U.S. chapter 11 filing involves the U.S. legacy issues and the resulting high-cost structure. Asia Pacific, Canada, Europe, South America and Mexico are not experiencing these challenges.



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I want to assure you that Delphi has the financial resources to continue to operate through the chapter 11 process. We plan to finance our global operations by utilizing our access to a total of \$4.5 billion in credit facilities, including a new \$2 billion debtor-in-possession (DIP) financing facility being provided by a group of lenders led by JPMorgan Chase Bank and Citigroup Global Markets, Inc., and \$2.5 billion borrowed from pre-existing revolving and term loan credit facilities. The proceeds from the DIP financing together with cash generated from daily operations and cash on hand will be used to fund post-petition operating expenses, including supplier obligations and employee wages, salaries and benefits.

The overall liquidity includes more than \$1 billion on hand outside the U.S. which Delphi does not plan to repatriate to fund U.S. operations. These funds will support its global operations outside the U.S. and help ensure the continued adequacy of working capital throughout its global business units.

Operations outside of the U.S. are very important to Delphi, and we intend to continue to meet the needs of our customers, suppliers and employees everywhere. One of our primary goals is to preserve and continue the strategic growth in our operations outside of the U.S., while we address our U.S. cost structure issues through the chapter 11 process. You have our assurance that we are going to do everything possible to see that our worldwide businesses remain healthy and profitable.

As part of our transformation plan, we will need to realign our global product portfolio and manufacturing footprint to preserve our core businesses. This will require a substantial segment of our U.S. manufacturing operations to be divested, consolidated or wound down through the chapter 11 process. I realize these changes will create uncertainty; however, we will do our best to keep you informed through-out the process.

If you have any questions or concerns, you may contact your primary Delphi representative. We have also established a special restructuring information line at our world headquarters in Troy at 01-248-813-2602. For access to certain Court documents and other information about our chapter 11 case, please visit [www.delphidocket.com](http://www.delphidocket.com). For general information on our reorganization you may also visit [www.delphi.com](http://www.delphi.com).

Attached is the news release that we issued. On behalf of our entire management team, I would like to thank you in advance for your continued support.

Sincerely,

Delphi Corporation