

# 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 directly about an important action we have 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 to accomplish the goal of reducing the U.S. cost structure as soon as possible. By availing ourselves of the chapter 11 process, we have established an orderly, controlled process which should provide our customers with complete confidence in our ability to continue to execute on-time deliveries.

Our chapter 11 business reorganization is well financed, well planned and well organized. I want to assure you that we have adequate cash to continue paying for day-to-day goods and services we need to operate and serve our customers. 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. It is important that you understand that our global operations, both those in the U.S. and those in Asia Pacific, Canada, Europe, South America and Mexico will continue without interruption.

Moreover, we believe our financing and liquidity will serve to further demonstrate to our valued customers that Delphi is positioned to continue to invest in engineering and capital expenditures with our customers' future product programs. The fact that we have taken action now, while our liquidity position is strong, to address our legacy issues and restructure our U.S. operations should provide customers with a tangible example that Delphi is committed to solving even the toughest challenges. We intend to transform Delphi into a more financially stable and more competitive market leader over the long-term.

All of our global customers can be assured that we will continue to meet their quality, scheduling, delivery and production needs in a timely manner. Our customers should expect to receive the same superior engineering for which Delphi is known. We remain committed to



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developing technology and new products and providing our customers worldwide with our unparalleled customer support.

We want to make sure you understand that:

- 1) Delphi is not going out of business. We took this action to address the legacy issues faced by our U.S. operations.
- 2) Our chapter 11 business reorganization is well financed, well planned and well organized.
- 3) We are determined to achieve competitiveness for Delphi's core U.S. operations, and the key to accomplishing that goal is reducing these costs as soon as possible.
- 4) Our non-U.S. subsidiaries are not included in the filing, will continue their business operations without supervision from the U.S. courts and will not be subject to the chapter 11 requirements of the U.S. Bankruptcy Code.
- 5) We believe this action will enable Delphi to become a more competitive company and a stronger, more viable business partner for you.
- 6) Delphi has been engaged in constructive discussions with representatives of our major unions, but was unable to complete the necessary modifications to our collective bargaining agreements without assistance from General Motors Corporation or the involvement of the U.S. courts. We will be making a further proposal this month to each of our unions to transform our labor agreements to a competitive labor cost structure and to address non-profitable and non-strategic U.S. operations.

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 may raise questions but I want to assure you that we will continue to keep you informed through out this process.

We value our relationship with you and I personally want to thank you for your patience during our restructuring. We will do our best to keep you fully informed of developments relating to our progress. Attached is a copy of the press release we issued announcing the chapter 11 filing.

If you have any questions or concerns, you may contact your primary Delphi representative. We have also established a special Reorganization Information line at 866-688-8740. 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 restructuring you may also visit [www.delphi.com](http://www.delphi.com).

Thank you for your continued support.

Sincerely,

Delphi Corporation