

Delphi Announces Significant Progress in Discussions with UAW and General Motors

Parties Negotiate Supplement to Previously Announced UAW Hourly Attrition Program with Buyouts and Expanded Retirement Opportunities for Most UAW Employees, Subject to Court Approval

Productive Framework Discussions Continue on Comparable Attrition Programs with Other Major Unions

GM Agrees To Provide Financial Support for Incentive Retirement and Buyout Options for Major Unions and Commits to Explore Additional Support

Delphi Granted Adjournment to August 11, 2006 to Accelerate Discussions with Unions and GM

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TROY, Mich. -- Delphi Corp. announced today significant progress in its discussions with the UAW and General Motors Corp., including a Supplemental Agreement with the UAW expanding existing retirement incentives and establishing a buyout program. The company achieved a framework for GM support on additional incentive attrition programs for its U.S. hourly workforce.

The current UAW special attrition program for retirement-eligible employees, which covered employees with 27-30 years of credited service, assuming Court approval, will expand to include a pre-retirement program for employees with 26 years of credited service and provide buyouts for UAW-represented hourly employees: \$140,000 for employees with more than 10 years seniority or credited service, whichever is greater; \$70,000 for employees with less than 10 years seniority and pro-rated payments for non-traditional employees. The new options added to the special attrition program are enabled by financial support from GM.

Delphi continues framework discussions with the IUE-CWA, USW and other unions to offer, with GM support, similar attrition programs for their members, allowing Delphi to more rapidly transform its U.S. manufacturing operations and soften the economic impact upon the hourly workforce.

In light of the recent progress, the U.S. Bankruptcy Court for the Southern District of New York, today adjourned hearings on Delphi's 1113/1114 motion until Aug. 11, 2006, to allow the company, its unions and GM additional time to fully focus on reaching comprehensive consensual agreements. The Court also postponed commencement of the Section 365 hearing seeking cancellation of certain commercial contracts with GM until at least Aug. 11, 2006. The Section 365 hearing is scheduled to commence following the resolution or completion of the Section 1113/1114 hearings.

Orders authorizing the adjournment are expected to be docketed by the Court early next week. The Court also rescheduled Delphi's monthly omnibus hearing from June 16 to June 19, 2006.

"The Court has advised the parties to continue efforts for a consensual resolution of the issues and work diligently toward an agreement outside of court," said Delphi Chief Restructuring Officer John Sheehan. "We remain committed to that outcome, and believe there is sufficient framework and understanding between the parties to enable further progress in negotiations during the recess period."

For more information about Delphi, visit www.delphi.com.

FORWARD LOOKING STATEMENT



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This press release, as well as other statements made by Delphi may contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, that reflect, when made, the company's current views with respect to current events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the company's operations and business environment which may cause the actual results of the company to be materially different from any future results, express or implied, by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: the ability of the company to continue as a going concern; the ability of the company to operate pursuant to the terms of the debtor-in-possession ("DIP") financing facility; the company's ability to obtain court approval with respect to motions in the chapter 11 proceeding prosecuted by it from time to time; the ability of the company to develop, prosecute, confirm and consummate one or more plans of reorganization with respect to the Chapter 11 cases; risks associated with third parties seeking and obtaining court approval to terminate or shorten the exclusivity period for the company to propose and confirm one or more plans of reorganization, for the appointment of a chapter 11 trustee or to convert the cases to chapter 7 cases; the ability of the company to obtain and maintain normal terms with vendors and service providers; the company's ability to maintain contracts that are critical to its operations; the potential adverse impact of the Chapter 11 cases on the company's liquidity or results of operations; the ability of the company to execute its business plans, including the transformation plan described in the Company's March 31, 2006 press release, and to do so in a timely fashion; the ability of the company to attract, motivate and/or retain key executives and associates; the ability of the company to avoid or continue to operate during a strike, or partial work stoppage or slow down by any of its unionized employees; and the ability of the company to attract and retain customers. Other risk factors are listed from time to time in the company's United States Securities and Exchange Commission reports, including, but not limited to the Annual Report on Form 10-K for the year ended December 31, 2004, and its most recent quarterly report on Form 10-Q for the quarter ended September 30, 2005, and current reports on Form 8-K. Delphi disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise.

Similarly, these and other factors, including the terms of any reorganization plan ultimately confirmed, can affect the value of the company's various pre-petition liabilities, common stock and/or other equity securities. Additionally, no assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies. A plan of reorganization could result in holders of Delphi's common stock receiving no distribution on account of their interest and cancellation of their interests. Under certain conditions specified in the Bankruptcy Code, a plan of reorganization may be confirmed notwithstanding its rejection by an impaired class of creditors or equity holders and notwithstanding the fact that equity holders do not receive or retain property on account of their equity interests under the plan. In light of the foregoing and as stated in its October 8, 2005, press release announcing the filing of its Chapter 11 reorganization cases, the company considers the value of the common stock to be highly speculative and cautions equity holders that the stock may ultimately be determined to have no value. Accordingly, the company urges that appropriate caution be exercised with respect to existing and future investments in Delphi's common stock or other equity interests or any claims relating to pre-petition liabilities.

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