

For Release: Sept. 12, 2008

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**DELPHI AND GENERAL MOTORS ENTER INTO MODIFIED SETTLEMENT AND
RESTRUCTURING AGREEMENTS;
GM TO PROVIDE ADDITIONAL SUPPORT FOR DELPHI'S EMERGENCE FROM
CH. 11; SUBSTANTIAL PORTION OF HOURLY PENSION TO TRANSFER TO GM**

Substantial Progress In Restructuring And Transformation;

Court Filings Summarize Reaffirmed 2008-2011 Business Plan;

Motion Filed In Support Of Plan to Preserve and Fund Hourly and Salaried Pension Programs;

September 23, 2008 Hearing Scheduled to Approve Motions on Pension Plans, GSA and MRA;

Actions to Provide Additional Liquidity;

Company Stronger and Eager to Emerge

TROY, Mich. — Delphi Corp. (PINKSHEETS: DPHIQ) today announced it is taking steps it believes are necessary to complete the successful restructuring of its U.S. operations, transformation of the company on a global basis, and emergence from chapter 11 as soon as practicable. These steps include:

- Reaching agreement with GM on amended settlement and restructuring agreements. Per the agreements, Delphi will receive support from GM that Delphi estimates to be valued at approximately \$10.6 billion for its transformation (increased from approximately \$6.0 billion in the January 2008 settlement). The agreement will modify the mechanics and expand the amount of Delphi's net hourly pension liability transfer to GM pursuant to section 414(l) of the Internal Revenue Code from \$1.5 billion under the original GSA to approximately \$3.4 billion;
- Taking action to preserve and fund Delphi's hourly and salaried pension plans;
- Completing the reaffirmation process for the company's 2008-2011 business plan in the Revised Plan of Reorganization (RPOR), a summary of which is included in filings with the U.S. Bankruptcy Court for the Southern District of New York;
- Reporting on material additional progress with respect to Delphi's transformation plan announced in March 2006; and

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- Establishing its intent to enter the capital markets with its reaffirmed business plan, and to file in the Bankruptcy Court proposed modifications to its previously confirmed First Amended Joint Plan of Reorganization (POR).

The company will file several expedited motions today with the Bankruptcy Court that will be considered by the Court on September 23, 2008, including:

- A motion to implement an amended and restated Global Settlement Agreement (Amended GSA) and Master Restructuring Agreement (Amended MRA) with GM. The original GSA and MRA were previously approved by the Bankruptcy Court on Jan. 25, 2008. The terms of the proposed amendments would authorize the GSA and MRA to become effective independent of and in advance of the effective date of the company's POR. The filing states that the Amended GSA and Amended MRA reflect GM's continuing and immediate support for Delphi's reorganization efforts – including the transfer of certain hourly pension obligations - and will enable Delphi to take the next steps in its transformation, including the actions that should allow it to emerge from chapter 11 as soon as practicable.
- A motion to freeze its hourly and salaried defined benefit pension plans and provide, as applicable, replacement cash balance or defined contribution pension benefits, a salaried retirement and equalization savings program, and a supplemental executive retirement plan.

Considerations in the Amended GSA and Amended MRA

Implementation of the Amended GSA and Amended MRA at this time is necessary to preserve the substantial progress the Company has made, and to position Delphi to emerge from chapter 11 as soon as practicable. Unlike the original GSA and MRA, in which GM required that its performance under those agreements be tied to Delphi's emergence from chapter 11, the Amended GSA and Amended MRA accelerate substantially all of GM's obligations in the original agreements (estimated by Delphi to be approximately \$6.0 billion in value to Delphi's transformation), which will be implemented immediately upon the effective date of the Amended GSA and Amended MRA.

In addition, a substantial portion of GM's incremental net support (estimated by Delphi to be approximately \$4.6 billion in value to Delphi's transformation) also will become immediately and unconditionally effective. In exchange for GM's willingness to undertake these obligations, Delphi has agreed to treatment of GM's claims in the chapter 11 cases, and to release GM from

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certain claims and causes of action upon the effectiveness of the Amended GSA and the Amended MRA.

Under the Amended GSA, GM would assume responsibility for the pensions of certain of Delphi's hourly retirement plan participants. The liabilities would be transferred in two steps, pursuant to section 414(l) of the Internal Revenue Code, and would be increased from \$1.5 billion to approximately \$3.4 billion. The liability transfers are subject to GM and Delphi receiving consent from a sufficient number of unions to complete the first step of the transfer.

Through the implementation of the Amended GSA and Amended MRA, GM's financial support of Delphi - which previously was to be received upon Delphi's emergence from chapter 11 - is being pulled forward to the effectiveness of the amendments. As a result, GM will make payments to Delphi of approximately \$1.2 billion in connection with the effectiveness of the Amended GSA and Amended MRA, and through the remainder of 2008. The payments by GM combined with the Company's existing cash on hand - which totaled in excess of \$1 billion at June 30, 2008, and amounts available under the Company's DIP revolving credit facility, provide ample liquidity over the course of 2008.

By immediately implementing the Amended MRA, Delphi will be in a position to pursue exit financing in the capital markets, including through an equity-based rights offering, to support what it believes to be a viable, reaffirmed emergence business plan that incorporates current market conditions and increased GM support.

Delphi's Chief Restructuring Officer John Sheehan said that it is in the best interests of the company to seek approval to implement the Amended GSA and Amended MRA independent of and in advance of the effectiveness of the POR. He said the company has been advised by the Creditors' Committee that it may no longer support a settlement with GM and related transactions, if these transactions are approved in advance of the filing and approval of potential modifications to Delphi's POR which are acceptable to the committee. Absent consensual resolution of the Creditors' Committee concerns, the Committee may file objections to one or more of the motions and seek other relief from the Bankruptcy Court. Sheehan said Delphi will continue working toward a consensus among its principal stakeholders, including the committees, but that the likelihood of achieving consensus is speculative and not assured.

Pension Plan Modifications

The motion to modify the pension plans would authorize a freeze of the Delphi hourly pension plan following union consent and a freeze of the U.S. salaried plans. If approved by the Court, Delphi would then provide, subject to the union agreement, replacement cash balance or

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defined contribution pension benefits to its hourly employees; and for eligible salaried employees, Delphi would provide defined contribution pension benefits, a salaried retirement and equalization savings program, and a supplemental executive retirement plan.

“We have remained committed to fully funding our pension plans and to being well-planned, well organized, and well-financed from the beginning of our chapter 11 cases,” said Sheehan. “If approved by the Court, these actions and the additional operating support provided in the Amended GSA and Amended MRA are significant milestones in completing the final phases of the reorganization of our U.S. operations and positioning us to complete the financing required for our emergence from chapter 11 as soon as practicable.”

Transformed Delphi Poised to Complete Plans

Delphi CEO and President Rodney O’Neal said the company has achieved remarkable progress in its overall transformation, and several elements of the transformation are outlined in the motions being filed today with the Court.

“Despite recent challenges – including difficult credit markets, the downturn in the U.S. auto industry, and other cost pressures – our operating performance has improved significantly,” O’Neal said. “Our team has accomplished this global transformation in the face of a complete restructuring of a significant portion of our operations.”

O’Neal said Delphi is on track to complete its transformation plan by the end of this year. The key tenets of that plan were to modify U.S. labor agreements to create a competitive arena in which to conduct business; conclude Delphi’s negotiations with GM to finalize GM’s financial support for Delphi’s legacy and labor costs and confirm GM’s business commitment to the Company; streamline Delphi’s global product portfolio to capitalize on its technology and market strengths, and align its manufacturing and engineering footprint and capabilities with this new focus; transform Delphi’s salaried workforce to ensure that the company’s organizational and cost structure is competitive and aligned with its product portfolio and manufacturing footprint; and devise a workable solution to Delphi’s U.S. pension situation. In addition to working to achieve the key tenets of the transformation plan, O’Neal said that Delphi has diversified its customer base by growing its business in Europe, Asia and South America.

A summary of Delphi’s Reaffirmed 2008-2011 POR Business Plan (RPOR) is included in today’s Court filings. When the closing on Delphi’s POR was suspended on April 4, 2008 following Delphi’s plan investors refusal to close on their Investment Agreement, Delphi undertook a reaffirmation process with respect to the business plan in the POR as part of Delphi’s consideration of potential modifications to the POR in order to emerge from chapter 11 as soon as practicable. The RPOR includes revised actual and expected volumes for the North

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American automotive market; significant increases in certain commodity costs; changes in the under-funded status of its pension plans as a result of negative plan asset returns; and substantial incremental financial support from GM committed to as part of the modified settlement announced today.

Assuming that the Bankruptcy Court approves Delphi's modified settlement with GM and the pension plan modification motion at a hearing scheduled to begin on September 23, 2008, Delphi expects to enter the capital markets later this year with the RPOR and anticipates filing a motion seeking approval of modifications to the POR.

"Our progress throughout this transformation has been tremendous and could not have been achieved without the diligence and commitment of our employees, suppliers and customers," O'Neal said. "We have maintained uninterrupted supply to our customers, and have booked record business with many of them. The approval of these amended agreements will help us continue our solid march toward becoming a completely transformed and more competitive company."

ABOUT DELPHI'S CHAPTER 11 CASE

Delphi's chapter 11 cases were filed on Oct. 8, 2005, in the U.S. Bankruptcy Court for the Southern District of New York and were assigned to the Honorable Robert D. Drain under lead case number 05-44481 (RDD).

More information on Delphi's U.S. restructuring and access to Court documents is available at www.delphidocket.com and www.delphi.com.

Information on the case can also be obtained on the Bankruptcy Court's website with Pacer registration: <http://www.nysb.uscourts.gov>. For more information about Delphi and its operating subsidiaries, visit Delphi's website at www.delphi.com.

FORWARD LOOKING STATEMENTS

This press release as well as other statements made by Delphi may contain forward-looking statements 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. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. 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 financing facility and its advance agreement with GM, to obtain an extension of term or other amendments as necessary to maintain access to such facility and advance agreement; the Company's ability to obtain Court approval with respect to motions in the chapter 11 cases prosecuted by it from time to time (including the motions announced in this press release); the ability of the Company to achieve all of the conditions to the effectiveness and/or final consummation of the Amended and Restated Global Settlement Agreement and Amended and Restated Master Restructuring Agreement with General Motors; the ability of the Company to consummate its amended plan of reorganization which was confirmed by the Court on January 25, 2008, any subsequent modifications to the confirmed plan or any other subsequently confirmed plan of reorganization; 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 fund and execute its business plan (including the transformation plan described in Item 1. Business "Plan of Reorganization and Transformation Plan" of the Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC) and to do so in a timely manner; 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 or those of its principal customers and the ability of the Company to attract and retain customers. Additional factors that could affect future results are identified in the Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC, including the risk factors in Part I. Item 1A. Risk Factors, contained therein, and the Company's quarterly periodic reports for the subsequent periods, including the risk factors in Part II. Item 1A. Risk Factors, contained therein, filed with the SEC. 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 prepetition liabilities, common stock and/or other equity securities.

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