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Objection Deadline: April 21, 2006 at 4:00 p.m.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
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DECLARATION OF KEVIN M. BUTLER
IN SUPPORT OF DELPHI'S MOTION FOR AUTHORITY TO REJECT
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)



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I, Kevin M. Butler, declare and state as follows:

1. I am the Vice President, Human Resource Management, of Delphi Corporation ("Delphi"), and am responsible for oversight of Delphi's worldwide human resources. I am also a member of the Delphi Strategy Board, Delphi's top policy-making group, and I am the executive champion for Delphi's Personnel Task Team. I began my career in the automotive industry thirty years ago, in the Chevrolet Motor Division of General Motors Corporation ("GM"). I held a series of positions with GM, including production supervisor, plant personnel manager, senior health-care administrator, senior administrator of classified-employee compensation, and manager of executive compensation. In 1989, I was named the director of human resources for GM's former Hydramatic Division operations in Ypsilanti, Michigan. In 1991, I became the director of GM Health Care Plans, and in February 1995 I was promoted to general director of GM's Health Care Initiatives. I started working for what is now known as Delphi in 1997, when I became the general director of human resources for Delphi Delco Electronics Systems. I have held my current position as Delphi's Vice President, Human Resource Management, since January 2000.

2. In my current position with Delphi, I am responsible for oversight of Delphi's human resources worldwide. In that capacity, I oversee Delphi's relations and collective bargaining with each of the Unions representing Delphi's hourly employees.

3. I submit this declaration in support of Delphi's Motion For Authority to Reject Collective Bargaining Agreements Under 11 U.S.C. § 1113(c) And Modify Retiree Welfare Benefits Under 11 U.S.C. § 1114(g) (the "Motion"). Any capitalized terms not expressly defined

herein are intended to have the meanings ascribed to them in the Motion or accompanying memorandum of law, and references to Delphi herein include the Debtors, as appropriate.

Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, my opinion, my experience with and knowledge of Delphi's labor relations, or are based upon knowledge obtained from Delphi employees reporting to me in the course of their duties. If I were called upon to testify, I could and would testify to the facts set forth herein.

I. The Pattern Of Representation And Collective Bargaining At Delphi

A. Delphi's Collective Bargaining Agreements

4. Delphi has national agreements with the UAW, IUE-CWA, and USW that set the principal economic terms and conditions of employment for Delphi employees in the facilities comprising the national collective bargaining units represented by those unions (the "National Agreements"), and 33 local agreements, governing primarily local issues, with local unions affiliated with the UAW, IUE-CWA, and USW (the "Local Agreements"). Delphi also has five local agreements with the IAM, the IBEW, and IUOE, which collectively represent approximately 124 maintenance employees at five facilities (the "IAM, IBEW, and IUOE Local Agreements").

5. Delphi also has sites that have no union representation or have union agreements that are not at issue in this Motion because the cost structure and operation provisions are not an impediment to Delphi's competitive position. These sites are Irvine, California; Mountain View, California; North Kansas City, Missouri; Orion Township, Michigan; Landrum, South Carolina; Spring Hill, Tennessee; and Tulsa, Oklahoma.

6. The National Agreements consist of a basic agreement; a series of separately printed and bound supplements that generally address different benefit programs (e.g., pension, supplemental unemployment benefits, and health care); and a number of side-letters, memoranda of understanding, memoranda of agreement, appendices, documents, letters, or minutes, published and unpublished, which supplement (and sometimes modify) the printed agreements and supplements. All of the National Agreements explicitly provide that they supersede any contrary provision of the Local Agreements, absent agreement of the national parties.

7. A list of the National and Local Agreements that Delphi seeks to reject in the Motion is attached hereto as Exhibit A. Excerpts of the UAW, IUE-CWA, and USW National Agreements and the IAM, IBEW, and IUOE Local Agreements are attached as exhibits to the Declarations of Darrell Kidd and Bernard J. Quick filed in support of the Motion. Copies of the collective bargaining agreements will be made available to parties-in-interest upon request.

B. Delphi's Practice Of Pattern Bargaining

8. Delphi and the Unions have adhered to a practice of "pattern bargaining" that began in the auto manufacturing industry many decades ago. Under this practice, the UAW selects one of the Big Three and negotiates a labor agreement. The UAW then negotiates agreements with the remaining two of the Big Three auto manufacturers, seeking to obtain the same "pattern" labor agreement. In the most recent round of national bargaining in 2003, the UAW also sought the same "pattern" agreement with the larger auto suppliers in the industry. The U.S. automakers, including Delphi, have also followed a practice of pattern bargaining with other unions once the UAW agreement has been negotiated: once the automaker finalizes a

National Agreement with the UAW, it then negotiates similar agreements with any other unions representing its employees.

9. At Delphi, this practice has resulted in Delphi negotiating an agreement first with the UAW, then with the IUE-CWA and the USW, and then with the IAM, the IBEW, and the IUOE, all of which historically demand and obtain the basic pattern terms set by the UAW, with variations based on each union's specific circumstances. Concurrent with these national negotiations, local Delphi management negotiates any "local issues" with the designated local Unions affiliated with the UAW, IUE-CWA, and USW. The result of this process is that the UAW, IUE-CWA, and USW National Agreements are very similar but the terms of the Local Agreements can vary substantially.

II. Delphi's Employees

10. The employment figures in this Declaration are based on Delphi's employee census data as of October 31, 2005. These figures include all employees who were active or on temporary layoff, indefinite layoff, or long-term leaves of absence as of that date.

11. Delphi has approximately 47,400 employees in the United States, of whom approximately 33,100 are production and skilled employees represented by the Unions at Delphi's manufacturing sites. Of these employees, 23,317 are represented by the UAW, 8,514 are represented by the IUE-CWA, 889 are represented by the USW, and 124 are represented by the IAM, IBEW, and IUOE. Delphi also has approximately 14,300 salaried and management employees, including engineers engaged in designing and manufacturing Delphi's products, management employees at Delphi's U.S. manufacturing sites, and employees who perform Delphi's sales, general, and administration functions.

12. Delphi is organized into three business sectors: the Electrical, Electronics, and Safety ("ES&S") sector, the Dynamics, Propulsion, Thermal and Interior ("DPT&I") sector, and the Automotive Holdings Group ("AHG") sector. The following chart shows the number of hourly employees in each sector as of October 31, 2005:

<u>Sector</u>	<u>Hourly Headcount</u>
Electrical, Electronics, and Safety	8,227
Dynamics, Propulsion, Thermal and Interior	13,489
Automotive Holdings Group	11,376

13. The following chart shows the number of hourly employees at each of Delphi's active manufacturing sites at issue in the Motion as of October 31, 2005, and the union or unions that represent those employees. While not listed below, there are several idled manufacturing facilities that are also subject to this Motion because they employ individuals who are either on leave or in a JOBS Bank.

<u>Manufacturing Site</u>	<u>October 31, 2005 Hourly Headcount</u>	<u>Union Representation</u>
Adrian, Michigan	374	UAW
Anderson, Indiana	788	UAW
Athens, Alabama	2,019	UAW
Brookhaven, Mississippi	501	IUE-CWA
Clinton, Mississippi	891	IUE-CWA
Columbus, Ohio	739	UAW, IUOE
Coopersville, Michigan	565	UAW
Cottondale, Alabama (including Tuscaloosa)	226	UAW
Fitzgerald, Georgia	365	UAW
Flint, Michigan (Flint East & Flint West)	2,784	UAW
Gadsden, Alabama	203	IUE-CWA
Grand Rapids, Michigan	523	UAW

Home Avenue (Dayton), Ohio	636	USW
Kettering, Ohio	1,422	IUE-CWA
Kokomo, Indiana	2,294	UAW
Laurel, Mississippi	72	UAW
Lockport, New York	2,953	UAW
Milwaukee, Wisconsin (E&C Division)	479	UAW, IBEW
Milwaukee, Wisconsin (E&S Division)	705	UAW, IBEW, IAM
Moraine, Ohio	1,257	IUE-CWA
New Brunswick, New Jersey	389	IUE-CWA
Needmore (Dayton), Ohio	1,408	UAW
Rochester, New York	1,436	UAW
Saginaw, Michigan (E&C Division)	971	UAW
Saginaw, Michigan (Steering Division)	3,675	UAW
Sandusky, Ohio	897	UAW
Vandalia, Ohio	255	USW
Warren, Ohio	3,836	IUE-CWA
Wichita Falls, Texas	193	UAW

III. The Relevant Labor Agreements Arising Out Of Delphi's Spin-Off By GM

14. Delphi inherited its existing collective bargaining agreements at the time of its spin-off by GM in 1999 (the "Spin-Off"). In this section of my Declaration, I will describe some of the principal agreements executed by GM and Delphi in connection with the Spin-Off.

A. The Mirror Agreement

15. Following its formal separation from GM on January 1, 1999, Delphi agreed to honor the collective bargaining agreements negotiated by GM in the first two rounds of national negotiations following the Spin-Off – the 1999 negotiations and the 2003 negotiations – effectively binding Delphi to the GM-UAW labor agreements through 2007 (the "Mirror Agreement"). At the time, my current position was held by Mark R. Weber, and the circumstances and details of these agreements are set forth in the Declaration of Mark R. Weber filed in support of the Motion. Copies of the Mirror Agreements are attached thereto as Exhibit

B.

B. The Flow-Back Agreement

16. During the same time period, GM, Delphi, and the UAW agreed to various provisions designed to allow virtually all of the former GM employees working at Delphi to return to GM as openings became available (the "Flow-Back Agreement"). This agreement is set forth at pages 663-69 of the UAW National Agreement, a copy of which is attached hereto as Exhibit B.

17. To incentivize these "flow-backs," GM and Delphi further agreed in 1999 to provide a \$23,500 relocation allowance to Delphi employees who returned to a GM plant that was outside of the "area hire," generally considered to be more than 50 miles from the Delphi manufacturing site. In the 2003 UAW-GM negotiations, the relocation allowance was increased to its current level of \$25,000. In some specific cases involving plants with large numbers of excess employees and/or in unique circumstances, Delphi has also provided employees with additional cash incentives.

18. Delphi was obligated to reimburse GM for the cost to GM of Other Post-Employment Benefits ("OPEB") – that is, retiree health care and retiree life insurance – for employees who flowed back to GM. The level of reimbursement is a proportion of the total cost based on the employee's service with Delphi prior to flowing back to GM, and the date that the employee is actuarially predicted to retire from GM.

19. Between September 1999 and September 2003, approximately 4,500 Delphi employees flowed back to GM. During negotiations over the 2003-2007 agreement, GM made a "good faith effort" commitment to make 2,500 flow-back offers of employment to Delphi

employees by the end of 2004. Between the 2003 agreement and the end of 2005 – a year longer than GM anticipated – 2,465 Delphi employees flowed back to GM.

20. One of the purposes of encouraging employees to flow-back to GM was that Delphi hoped it would eventually be able to backfill positions with new-hire employees at lower wage and benefit rates under the supplemental agreements discussed further below.

C. The No-Sale Provisions Of "Document 13"

21. One of Delphi's business objectives at the time of the Spin-Off was to "fix, sell or close" a number of unprofitable or non-core operations that were transferred by GM to Delphi. At the time, the GM-UAW agreement contained a Plant Closing Moratorium Agreement, known generally as Document 13, that prohibited closure of facilities without union consent but did not prohibit the sale of a facility as a going concern.

22. In the 1999 negotiations between GM and the UAW, the UAW sought to amend Document 13 to prohibit GM from selling, spinning off, consolidating, or otherwise divesting existing operations "constituting a bargaining unit." As a result of Delphi's agreement to honor the 1999 UAW-GM agreement, Delphi became bound by Document 13. Pursuant to Delphi's practice of pattern bargaining, similar provisions also became part of the IUE-CWA and USW National Agreements, thus prohibiting Delphi from selling the operations that it hoped at the time of the Spin-Off to divest.

23. Delphi agreed in April 2004, during negotiations over a supplemental new-hire agreement, to extend until 2011 the prohibitions under Document 13 for UAW-represented sites. A true and correct copy of Document 13, as amended in the 1999 negotiations and extended in

the 2003 negotiations, is attached hereto as Exhibit C. Under the IUE-CWA and USW National Agreements, similar provisions will expire in September 2007.

24. Although a handful of Delphi operations have been consolidated or gradually wound down without union objection since 1999, as a result of Document 13 and similar provisions Delphi has largely been unable to sell or close its unprofitable or non-core operations or eliminate its excess capacity as its GM volumes have fallen. And, when certain operations were consolidated or wound down, Delphi incurred high costs for the affected employees, who were either carried in a JOBS Bank or incentivized to retire early.

25. The restrictions imposed on Delphi's ability to sell or close its non-competitive operations have left Delphi with a product portfolio that differs from Delphi's strategic vision. Moreover, a number of Delphi's product lines have become subject to such intense foreign, low-cost competition, that Delphi could not make a profit in these areas even if labor costs were reduced to competitive U.S. wages and benefits.

D. The GM Benefit Guarantee

26. In response to the UAW, IUE-CWA, and USW's concern about the security of layoff and retirement benefits at the time of the Spin-Off, GM and the unions entered into certain benefit guarantees (collectively, the "GM Benefit Guarantee") described below. The relevant portions of the GM Benefit Guarantee remain in effect through October 2007 and are attached to the Declaration of Mark R. Weber as Exhibit C.

27. Under the GM Benefit Guarantee, if Delphi ceases to do business, terminates, or freezes its pension plan due to "financial distress," GM agreed to provide virtually all of Delphi's former GM hourly employees with the difference between pension benefits paid by Delphi

(including benefits paid by its subsidiaries, affiliates, or successors, or the Pension Benefit Guaranty Corporation ("PBGC") in the event of plan termination), and the benefits otherwise payable under the Delphi pension plan (but not more than the benefits provided by GM to its own hourly employees and retirees). Pursuant to Section b of the GM Benefit Guarantee, GM also agreed to provide Delphi's former GM employees with "up to 7 years of credited [pension] service at the level and scope in effect at Delphi at such time."

28. Sections c and d of the GM Benefit Guarantee provide that if, as a result of "financial distress," Delphi fails or refuses to provide post-retirement health care or life insurance to retired Delphi employees, or reduces such benefits below the level being provided to GM's hourly retirees, GM will provide the covered employees with the same scope and level of post-retirement medical or life insurance benefits provided by GM to its own retirees.

29. On November 9, 2005, GM announced in its Form 10-Q that it "believes some losses under the [benefit] guarantees are probable," but reported that it was "not possible to reasonably estimate the financial impact that the Corporation may eventually sustain, if any, due to the benefit guarantees." Subsequently, in a March 28, 2006 Form 10-K, GM estimated its pre-tax liability at \$5.5 billion to \$12 billion. GM also indicated in a January 26, 2006 Form 8-K that it had reached an agreement with the UAW as to the scope and details of coverage under the Benefit Guarantee, and that GM agreed that former GM employees who became Delphi employees have the potential to earn up to seven years of credited service for purposes of eligibility for certain health-care benefits under the GM Benefit Guarantee.

E. Supplemental New-Hire Agreements

30. While Delphi was obligated under the Mirror Agreement to honor the collective bargaining agreement arising out of the 2003 negotiations between GM and the UAW, the UAW committed in 1999 to consider exceptions if required by Delphi's financial condition. In light of its deteriorating financial condition, Delphi informed the UAW during 2003 negotiations that it could not honor the Mirror Agreement without relief in the form of commercial support from GM, increased flow-back of higher-cost traditional employees to GM, and, in addition, lower wages and benefit levels, at least for new-hire employees.

31. At the time of the Spin-Off, Delphi had agreements in place with both the IUE-CWA and the USW that already provided for starting wages and benefits for certain new-hire employees below those under the basic IUE-CWA and USW agreements. These new-hire agreements are discussed in greater detail in the Declaration of Bernard J. Quick.

32. The IUE-CWA agreements, however, provided that some of the newly-hired employees would transition to the high-cost wages and benefits of traditional employees over a period of time. In the 2003 negotiations, Delphi sought to extend the IUE-CWA and USW competitive hire agreements, but eliminate the "grow-in," or transition, feature, and to negotiate a similar agreement with the UAW.

33. Delphi was partially successful in these efforts. As part of the 2003 agreement, the UAW committed to negotiate a supplemental agreement that would provide for a reduced wage and benefit structure for new-hire employees, and the parties ultimately reached such an agreement in April 2004. That agreement, with a starting wage of \$14 per hour and a top wage of \$18.50 per hour depending on position, was substantially below Delphi's traditional wage and

benefit rates but was above a truly competitive wage and benefit structure. The terms of this agreement are discussed in greater detail in the Declarations of Darrell Kidd and Steven Gebbia.

34. Delphi was able to extend the IUE-CWA and USW competitive hire agreements, which had starting wages as low as \$7.77 per hour, and was largely able to eliminate the "grow-in" provisions for future new-hires. Employees hired before 2003, however, continue to transition into the traditional wage and benefit structure. The terms of these new-hire agreements are discussed in greater detail in the Declarations of Bernard J. Quick and Steven Gebbia.

35. Currently, out of an hourly workforce of approximately 33,100, Delphi has approximately 579 employees working under the UAW supplemental agreement, 1,910 employees working under the IUE-CWA supplemental agreements, and 496 employees working under the USW supplemental agreements who have not transitioned to the traditional, high cost wage and benefit levels or been laid off.

F. The Increase In Delphi's Labor Costs Under The 1999 And 2003 GM Agreements

36. The term "traditional" employee, as used in the Motion, means those UAW-represented employees hired by GM or Delphi before April 2004, and those IUE-CWA and USW-represented employees who were not hired under one of the competitive operating agreements or who have since progressed to the higher wage and benefit provisions. The term excludes UAW-represented employees hired since April 2004, IUE-CWA and USW-represented employees hired before September 2003 who have not progressed to the higher wages, and all IUE-CWA and USW-represented employees hired since September 2003.

37. Although Delphi was aware in 1999 that the Mirror Agreement concept limited its ability to reduce its labor costs, it could not have foreseen the full effect of that agreement six years later. In 1999, the average hourly wage for Delphi traditional employees under the GM-UAW agreements, including both production and skilled trades, was approximately \$20.96 plus a cost of living adjustment of 69 cents per hour, for a total of \$21.65 per hour. The blended "all-in" labor cost in 1999 for a Delphi traditional employee under the GM-UAW agreements – that is, the cost of base wages, overtime, premiums, vacation, holidays, wage-related costs such as social security, health care, pension, OPEB, and other benefits – was approximately \$43.47 per hour.

38. Six years later, however, as the result of cost of living adjustments and base wage increases negotiated in 1999 and 2003, the comparable average blended base hourly rate for a traditional employee under the Delphi agreements, including both production and skilled trades, had risen to approximately \$26.90 per hour. With an average cost of living adjustment in 2005 of 93 cents per hour, the total hourly wage increase was nearly 29 percent in six years. By year end 2005, the cost of living adjustment had risen to \$1.61. The all-in labor cost for a traditional Delphi employee, including benefits, fixed costs, and retirement obligations, increased from approximately \$43.47 per hour to approximately \$78.63 per hour – an 81 percent increase in just six years.

39. Delphi's cost of benefits for its traditional employees has undergone similar increases. Those increases are outlined in the Declaration of Steven Gebbia.

40. In addition to the increased costs for traditional employees, GM's loss of market share since the Spin-Off has limited the opportunities for Delphi to transition to a lower-paid

workforce. First, as GM's loss of market share forced GM to reduce the size of its own workforce, there were fewer opportunities for Delphi employees to flow back to GM. Second, the loss of GM volume left Delphi overstaffed as well. At the time of the Spin-Off, Delphi employed approximately 63,000 hourly employees. By 2005, Delphi's operations required less than half that number. Because GM was unable to accommodate all of the excess Delphi employees, and because the GM labor agreements prohibited Delphi from permanently laying off excess employees, Delphi was forced to implement a series of expensive retirement incentive programs between 1999 and 2004 to reduce its headcount. Even with these efforts, at times during 2005 there were nearly 4,000 employees on temporary layoff or in the JOBS Bank.

IV. Delphi's Hourly Attrition Programs

41. On March 22, 2006, Delphi filed with the Court a Human Capital Hourly Attrition Plan Motion, seeking approval and authorization to implement a tripartite agreement among Delphi, GM, and the UAW that creates retirement incentives and flow back opportunities for UAW-represented Delphi employees (the "UAW Special Attrition Program"). The motion also seeks approval to allow Delphi to enter into similar programs (collectively, the "Hourly Attrition Programs") with the other unions. That motion is currently scheduled for hearing on April 7, 2006.

42. The Hourly Attrition Programs would provide the following three options to eligible employees:

- a. Early Voluntary Retirements: Eligible employees agreeing to normal or voluntary retirement would be entitled to a one-time, lump-sum incentive payment in the amount of \$35,000. This incentive payment would be made by GM and would be retroactive to cover eligible employees who have retired since October 1, 2005.

- b. 50 & 10 Retirements: Eligible employees at age 50 and with ten years of credited service would be eligible for mutually satisfactory retirement under the terms of the HRP.
- c. Pre-Retirement Placements: Eligible employees with at least 27 and fewer than 30 years of seniority (regardless of age) no later than July 1, 2006, who agree to retire when first eligible under the normal/voluntary "30 and out" provisions of the HRP and forego any additional incentives, would be eligible to elect a pre-retirement program that would provide reduced wages on par with retirement earnings during the period of grow-in to retirement. The costs of the pre-retirement program would be borne by Delphi.

43. Under the Hourly Attrition Programs, employees eligible to retire under the HRP, and who elect any of the above programs, would be eligible to choose whether to retire as employees of Delphi or to flow back to GM for purposes of retirement. Moreover, GM would commit to allowing an additional 5,000 Delphi UAW employees to flow back to GM, with a target date of September 1, 2007 for reaching that level. GM, Delphi and the UAW also committed to implement a mutually acceptable resolution to the matter of remaining Delphi employees who wish to leave Delphi (including those who want to flowback to GM). Upon an employee's flow back to GM, GM would become obligated for all OPEB obligations owing to such employee.

44. Delphi believes that the UAW Special Attrition Program could provide approximately 18,000 of Delphi's 23,000 existing UAW-represented long-term hourly employees – 13,000 receiving early retirement incentives, and 5,000 or more flowing back to GM – with "soft landings." If extended to other unions, the Hourly Attrition Programs could provide approximately 4,500 additional hourly employees with retirement incentives.

45. The soft landings will allow these employees to avoid much of the economic hardship that they might otherwise face as a result of Delphi's financial situation. Delphi also

hopes that the Hourly Attrition Programs' soft landings will allow Delphi and its Unions to achieve a consensual resolution of Delphi's remaining labor issues discussed in the Motion. Even failing consensual resolution, if this Court approves the Motion and Delphi proceeds with rejection of its labor agreements, assuming comparable GM financial support for programs covering the other unions, the Hourly Attrition Programs will prevent most of Delphi's long-term employees from feeling the full weight of the necessary modifications to Delphi's labor agreements.

V. Delphi's Proposals Pursuant To Sections 1113 And 1114

46. On October 13, 2005, pursuant to a motion by Delphi, the Court issued an order requiring that the Unions notify Delphi if they did not wish to represent their respective retirees for purposes of negotiations pursuant to Section 1114 of the Bankruptcy Code. Delphi received no such notification. Accordingly, pursuant to the Court's order, the Unions became the "authorized representatives" of their respective retirees pursuant to Section 1114. Accordingly, Delphi has proposed modifications to the Unions under both Section 1113 and Section 1114.

47. Since October 2005, Delphi has attempted, without success, to negotiate with the Unions modifications to their collective bargaining agreements and retiree benefits that are necessary for Delphi successfully to restructure. In these negotiations, Delphi has offered the Unions two alternative paths to reach the necessary labor cost reductions. The first option, which was outlined in the Section 1113 and 1114 proposals served by Delphi in October and November 2005, would immediately implement the wage rates, benefits, and other terms needed to create the competitive labor cost structure that Delphi needs to survive. The Unions have flatly rejected this approach, however, refusing even to discuss the October proposals or the

November proposals (the "Competitive Benchmark Proposals") or provide any counter-proposals. The third set of proposals, which were formalized by Delphi and provided to the Unions on March 24 and 25, 2006 (the "GM Consensual Proposals"), would provide a gradual reduction in wages for existing Delphi employees, and create monetary incentives for employees who elect to leave Delphi, contingent upon GM's commitment to pay the incremental cost created by these terms.

A. The October 2005 Proposals

48. Delphi met with representatives of the UAW, IUE-CWA, and USW, and provided them with its initial proposals pursuant to Sections 1113 and 1114, on October 20 and 21, 2005. On the same dates, Delphi served the IAM, IBEW, and IUOE, and all of the Local Unions with similar proposals. True and correct copies of the October proposals are attached hereto as Exhibit D.

49. The October proposals were accompanied by my cover letter explaining the proposals, the financial assumptions underlying the proposals, and the need for the modifications to the collective bargaining agreements, as well as relevant information necessary to evaluate the proposals. True and correct copies of the cover letters to the October Proposals are attached hereto as Exhibit E.

50. Delphi's October proposals were aimed at (a) creating an hourly labor cost that would allow Delphi successfully to bid for new work, (b) removing restrictions in its labor agreements that would impede Delphi's ability to restructure, and (c) eliminating or reducing Delphi's legacy labor costs. In my cover letter, I explained these purposes. I also informed the Unions that unlike the parties' prepetition discussions, Delphi's October Proposals assumed that

Delphi would not receive any financial support from GM to implement a restructuring of its labor costs, and that if GM were able to provide such support Delphi would modify its proposals accordingly. Delphi made this assumption because it had attempted to obtain GM's commitment to provide such support prior to filing the bankruptcy petition, but had been unsuccessful.

51. In my cover letters, and in meetings conducted to explain the proposals, I asked the Unions to engage in immediate discussions regarding the proposal, and stated that Delphi was "open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully." None of the Unions accepted my request to engage in discussions, nor did any of the Unions suggest any other options or alternatives to Delphi's proposals. Rather, the Unions – in particular, the UAW – publicly rejected the proposal.

B. The November 2005 "Competitive Benchmark" Proposals

52. Between November 15 and 17, 2005, Delphi served all of its Unions with new proposals that superseded the October proposals. These are called the "Competitive Benchmark Proposals" because they represented the best terms that Delphi could offer the Unions without financial support from GM. In these proposals, Delphi (a) increased its base wage proposal to achieve an average base wage of \$12.50 per hour for production employees (compared to the \$10.00 proposed in October) and a base wage of \$21.50 for skilled trades (compared to the \$19.00 previously in October) and (b) increased the benefits and reduced employee contributions under its proposed health care plan. True and correct copies of the Competitive Benchmark Proposals are attached hereto as Exhibit F.

53. In a cover letter accompanying the Competitive Benchmark Proposals, I explained that Delphi modified its October proposals based on its ability to treat certain of its legacy pension, OPEB, and workers' compensation costs – costs that arose or accrued prepetition and attributable to former employees – as prepetition liabilities that would be dealt with in the bankruptcy process. This change, Delphi believed, would allow it not only to increase its wage and benefit proposals, but to bid more competitively for future U.S. work. In my cover letter, I also informed the Unions that Delphi was prepared to discuss these issues at the Unions' earliest availability. True and correct copies of my cover letters to the Competitive Benchmark Proposals are attached hereto as Exhibit G.

54. As with the October proposals, in a series of public statements, the Unions categorically rejected Delphi's Competitive Benchmark Proposal. The UAW stated that it would not respond to Delphi's proposal, and that a strike would be likely if Delphi sought to implement those proposed modifications. While the IUE-CWA informed Delphi that the IUE-CWA intended to provide Delphi with a counteroffer, Delphi has not received any such offer. None of the Unions came to the bargaining table, nor did any of them provide Delphi with counter-proposals or proposed strategies to deal with Delphi's financial problems.

55. On December 19, 2005, after GM agreed to provide Delphi with interim financial pricing support, Delphi conditionally withdrew the Competitive Benchmark Proposals in an effort to facilitate discussions with GM and the UAW regarding a consensual resolution to Delphi's request for contract modifications that would include GM financial support. In doing so, Delphi made it clear that if the parties were unable to reach an agreement involving GM, Delphi would have to reinstate the Competitive Benchmark Proposals. Delphi provided updated

Steady State Scenario information to all advisors on January 13, 2006. The information was released to the UAW on February 1, 2006 and made available in the Virtual Data Room on February 5, 2006.

C. The GM Consensual Proposals

56. Between December 2005 and March 2006, Delphi met with the UAW and GM to discuss a potential consensual resolution and contract modifications and GM financial support that would allow Delphi successfully to restructure. To facilitate an open exchange of views, the parties agreed that the substance and nature of the discussions would be exploratory.

57. As a result of these discussions, on March 22, 2006, the parties reached agreement on the UAW Special Attrition Program discussed above. Delphi has since asked the Court for approval to implement this agreement.

58. While the UAW Special Attrition Program was a significant step toward restructuring Delphi's unsustainable labor costs, and may facilitate a consensual resolution, the parties have been unable to reach agreement on necessary modifications to Delphi's collective bargaining agreements, with or without GM financial support. Accordingly, on March 24-25, 2006, Delphi served the Unions with new proposals, the GM Consensual Proposals, pursuant to Sections 1113 and 1114. True and correct copies of the GM Consensual Proposals are attached hereto as Exhibit H. The cover letters to these proposals are attached hereto as Exhibit I.

59. The GM Consensual Proposals are based upon the Competitive Benchmark Proposals which the Unions have had since November 2005. Most of the modifications set forth in the GM Consensual Proposals are necessary whether or not Delphi obtains a commitment of GM financial support. In several critical areas, however, Delphi's proposals set forth alternative

terms that depend on whether Delphi obtains GM financial support sufficient to fund the incremental cost to Delphi compared to the Competitive Benchmark Proposals. The contingent terms include wages for current employees, monetary buy outs for current employees who elect to leave Delphi, monetary buy downs for current employees who elect to stay with Delphi under a lower wage and benefit structure, and certain retirement benefits for employees who are not protected under the GM Benefit Guarantee.

60. The GM Consensual Proposals also modify the terms of the Competitive Benchmark Proposal in certain minor respects, including implementation of a performance bonus equal to 3 percent of the employee's qualified earnings in 2008 and 2009, and a May 1, 2010 expiration date rather than the January 1, 2012 expiration date previously proposed.

61. As of March 30, 2006, none of the Unions have accepted the proposal, nor have any provided Delphi with a counter-proposal.

D. The Proposed Modifications To Delphi's Labor Agreements

62. Delphi's proposals are lengthy documents that address the numerous and complex provisions in each of the 39 collective bargaining agreements subject to the Motion. In this Declaration, I will address only the highlights of those proposals with regard to wages, work rules, and job security. The highlights of the proposed modifications to hourly employee and retiree benefits are set forth in the Declaration of Steven Gebbia.

63. Wage Rates. In its GM Consensual Proposals, Delphi seeks to address a wage structure that was imposed by Delphi's adoption of the GM labor agreements and, all-in, is at least two times greater than Delphi's competitors. Under its Section 1113 proposals, effective July 3, 2006, Delphi will reduce base wages to an average of \$22.00 per hour for all current

traditional production employees and an average of \$28.00 per hour for all current skilled employees. For employees in plants that Delphi does not intend to wind down by December 31, 2007, base wage rates will be further reduced to an average of \$16.50 per hour for production employees and \$24.00 per hour for skilled employees, effective September 3, 2007.

64. Performance Bonus. Delphi proposes to provide eligible hourly employees with a Performance Bonus equal to three percent of the employee's Qualified Earnings to be paid in 2008 and 2009.

65. Wage Increases And COLA. Delphi proposes to eliminate COLA payments for all employees.

66. Buy-Downs. Delphi proposes to offer a \$50,000 buy down on September 3, 2007 to those employees moving to the reduced wage scale.

67. Overtime And Shift Premiums. Delphi proposes to modify non-competitive overtime and shift premium provisions by paying all overtime at time and one-half only, therefore eliminating any provisions for double time pay. Overtime would be payable only after working 40 hours in a pay period, which 40 hours would include vacation and holidays. In addition, the amount and nature of overtime worked would be determined at Delphi's sole discretion, and voluntary overtime provisions would be eliminated. Shift premiums would be reduced as well, to five percent of the applicable base hourly rate (as compared to as high as ten percent under the current agreements).

68. Vacation. Delphi seeks to cap vacation at four weeks per year for the most senior hourly employees, resulting in a reduction of two and a half days of vacation each year for the average employee.

69. Holidays. Delphi proposes reducing the number of paid holidays from a maximum of 20 to 10 each year, a number that is comparable to the number provided to similarly-situated employees at many of Delphi's competitors.

70. Job Security. Delphi seeks the elimination of National and Local Agreement provisions that inhibit its ability to close, or partially or wholly sell, spin off, split off, consolidate or otherwise dispose in any form any manufacturing site, asset, or business unit. In the event that Delphi sells a facility, Delphi would use its best efforts to obtain the purchaser's agreement to hire existing Delphi employees. However, any collective bargaining agreement provisions that would require a purchaser of Delphi's facilities to assume the existing collective bargaining agreements would be eliminated.

71. JOBS Bank. Delphi's Section 1113 proposals would eliminate the secured employment levels and the JOBS Bank, giving Delphi the right to permanently lay off excess employees. Delphi expects that the elimination of these programs will result in a reduction of 6,057 hourly employee positions, including an estimated 4,247 employees expected to be in a JOBS Bank or on Protected Status, and an additional 1,810 employees who would otherwise have entered the JOBS Bank or Protected Status if things continued unchanged.

72. Staffing Requirements. Delphi proposes to eliminate all restrictions on its rights to determine appropriate numbers of employees and to hire or lay off employees, including indirect and temporary employees, as necessary to any operation. Delphi also proposes to remove restrictions on its ability to outsource and subcontract work. By realigning its product portfolio and limiting Delphi's headcount to those who are needed to run its operations, Delphi

expects to reduce its headcount by approximately 27,000 U.S. hourly employees through retirements, flow-backs to GM, and layoffs, by the end of 2010..

73. Temporary Employees And Contract Service Personnel. If the implementation of the Hourly Attrition Programs results in an insufficient number of employees to operate a particular site, Delphi would, with mutual consent of the union, utilize temporary employees or contract service personnel on a case-by-case basis. For needs not related to the implementation of the Hourly Attrition Programs, Delphi proposes to exercise sole discretion as to utilization of such personnel.

74. Joint Fund Accrual And Training Costs. Delphi proposes to modify the Joint Fund Accrual Training Program by giving Delphi discretion to determine the level of participation in the programs, services, and related activities formerly funded by these provisions. Any costs incurred would be Delphi's responsibility.

75. Compensation Of Union Representatives. Delphi proposes to modify the union representation provisions of the National Agreements, and related Local Agreement provisions, by reducing the number of union representatives to a lower ratio of representatives to employees. Delphi also proposed a formula to reduce the amount of overtime assigned to union representatives for the purpose of representation.

76. Provisions Subject To GM Financial Support. Delphi expressly noted in its Section 1113 and Section 1114 proposals that several aspects of the proposals are contingent on sufficient financial support from GM as described in more detail below.

E. Relevant Information Provided To The Unions

77. Each of Delphi's proposals were based on the most complete and reliable information available to Delphi at that time, including Delphi's most recent revenue and cost projections, and that information was provided to the Unions contemporaneously with the proposals. The specific information provided to the Unions with the October 2005 and Competitive Benchmark Proposals is identified in my cover letters to those proposals attached as Exhibits E and G to this Declaration. The information provided with the GM Consensual Proposals is set forth in letters that I sent to each of the Unions on March 28, 2006.

78. On December 12, 2005, Delphi provided the Unions with the following:

- Information regarding the Steady State financial projections developed by Delphi in early December 2005;
- A summary of the changes in financial projections under the new projections/business plan and prior business plan/projections; and
- Delphi's updated impact of the proposed modifications based on (a) changes in Delphi's Competitive Benchmark Proposals and (b) changes in Delphi's Steady State and labor-related GM Consensual Proposal scenarios.

79. In addition, on January 13, 2006, Delphi provided the Unions with updated financial information, including, among other items, preliminary steady-state financial data, cash flows, and Delphi's preliminary 2006-2010 Steady State financial projections. The Unions that are represented on the Creditors' Committee have also received the information presented to that committee.

80. Delphi's financial advisors have met several times with the UAW's financial advisors, and with the IUE-CWA's financial advisors, to explain and clarify the information that Delphi provided to the Unions in conjunction with Delphi's proposals.

F. Delphi's Supplier-Based Competitor Analysis

81. In light of the financial projections discussed in the Declaration of John D. Sheehan, Delphi does not anticipate that its Unions will contend that Delphi can survive without modifications to its labor agreements.

82. In constructing its wage and benefit proposals ("Competitive Benchmark") Delphi sought to produce a wage and benefit package equivalent to the wages and benefits prevailing at other U.S.-based automotive parts suppliers. Such a package, Delphi believes, would allow Delphi to bid for new work on a competitive basis while still providing Delphi's employees with competitive wages and benefits. To determine the "market" wage and benefit package, Delphi conducted a detailed analysis of the following data, discussed in more detail below:

- The wages and benefits under certain existing supplemental new-hire agreements between Delphi and the IUE-CWA and USW;
- Estimates by Delphi's operating divisions of the all-in labor rates of their principal competitors;
- The all-in labor rates provided by GM under the Growth and Opportunity ("GO") process for competitors that had underbid Delphi;
- The all-in labor rates provided by Delphi's own suppliers for their own business;
- Bureau of Labor Statistics ("BLS") data showing wages for comparable jobs and for other auto suppliers;
- A study by the Center for Automotive Research showing average, all-in wage rates for union-represented and non-union suppliers;
- The anecdotal experience of Delphi's business teams regarding what Delphi's customers believed Delphi's labor costs should be in order to bid successfully; and
- Information obtained from public and private sources regarding the wages and benefits of Delphi's competitors.

83. Wages And Benefits Under Delphi's Supplemental New-Hire Agreements.

Delphi's first data point, certain supplemental agreements between Delphi and the IUE-CWA and the USW, have starting wages between \$7.77 and \$8.00 per hour, and which produce an all-in labor rate under \$20 per hour.

84. All-In Labor Rates Of Delphi's Principal Competitors. Delphi's second data point was the all-in labor rate of its actual competitors as determined by its operating divisions. Delphi asked each division to identify its principal competitors, and to determine – or make their best estimate of – the "all-in" labor rates of these competitors. This process identified the estimated labor rates of 45 competitors.

85. Delphi believed that the large number of estimates produced a reasonably reliable estimate of its competitors' costs. This study showed that Delphi's competitors, on average, had an all-in labor cost of \$21.60 per hour. Assuming the cost of wage-related expenses and benefits was 65 percent of the base wage, this data would indicate an average base wage of \$13.09.

86. All-In Labor Rates Provided By GM Under The Growth And Opportunity Process. Third, under the GO process between GM, Delphi, and the UAW, GM agreed to provide Delphi with a labor premium for certain products to ensure continued levels of UAW-represented employees in those programs.

87. As part of this process, GM provided Delphi with sufficient information to validate the labor premium calculations, which is based on the difference in labor cost between Delphi and GM's most competitive supplier. Delphi collected data through the GO process on 13 bids in which a U.S. competitor underbid it. According to this data, the average labor costs included in the most competitive supplier bid were slightly more than \$23 per hour. Assuming

the cost of wage-related expenses and benefits was 65 percent of the base wage, this data would indicate an average base wage of approximately \$14 per hour.

88. While this data plainly demonstrates that Delphi's all-in labor costs are not sustainable, Delphi did not believe that this data was sufficiently representative of the all-in labor costs of a typical competitor for a number of reasons.

89. The competitive labor costs provided by GM did not identify the economic year. It is highly possible that the labor costs are reflective of the start of production date rather than current year economics. Removing even one year of economics could eliminate up to \$0.70 per hour from the competitor's rates, creating a wage rate of \$13.58 per hour and an all-in rate of approximately \$22.40 per hour.

90. Also, Delphi obtained some of the competitive data by challenging the award, and it did so only when the competitive bid appeared out of line. Therefore, some of the bids included in this analysis are likely subject to an "adverse selection" bias. Both GM and the competitor had an incentive to show a relatively high labor cost because (i) it would make it harder for Delphi to successfully bid, even with the labor cost premium, and (ii) the smaller the labor cost difference, the lower premium GM was obligated to pay.

91. Customer Data. Fourth, customers routinely provide feedback on variance to lowest competitive prices or targets. Often, this feedback is specific to the various cost structure components such as labor and material. Based on its knowledge of the competitive landscape, Delphi's business teams used this data to estimate other suppliers' labor costs, and concluded that it could not bid successfully if its all-in labor costs exceeded \$22 per hour.

92. BLS Data. Fifth, Delphi examined BLS data showing average hourly wages for four BLS job categories, machine operators, assemblers, material handlers, and laborers, each assuming a comparable skill level as a Delphi employee. This data was compiled without regard to the industry in which the employee worked, but was limited to the five BLS regions in which Delphi has facilities. The simple average of these rates was \$11.91 per hour as a base wage and \$19.65 all-in, assuming an estimated wage related and benefit cost structure of 65 percent of base wages.

93. Delphi also examined BLS Survey data showing average hourly wages for its 36 most-populated job categories among all auto supply industry employers. This data – which included the Big Three and Delphi – showed an average wage rate of \$15.37, from which Delphi estimated an average all-in labor rate of similarly situated employees of \$25.36 per hour. Given that the base BLS data included high wage OEMs, Delphi also estimated the average labor rates by excluding the Big Three and Delphi. Estimating the number of Big Three and Delphi employees in the total population, and their related total labor costs, this analysis identified an average wage rate of \$12.67, from which Delphi estimated an average all-in labor rate of similarly situated employees of \$20.91 per hour.

94. CAR Study. Sixth, Delphi obtained a study from the Center for Automotive Research on average wages for UAW-represented and non-union suppliers. The study for UAW-represented employers showed that the average wage rate was \$16.23 (in 2005 economics) for production employees, which equated to \$26.78 when applying a benefit rate of 65 percent to wages. The study for non-union employers showed that the average wage rate was \$11.33 per hour (2005 economics) for production employees, which translated to a total all-in

cost of \$18.70 after applying a benefit rate of 65 percent to wages. This study is available to the public at <http://www.cargroup.org>.

95. Competitor Analysis. Finally, Delphi corroborated all of this data by constructing "penny sheets" – Delphi's long-standing method of illustrating its labor costs per hour – for some of its competitors, both unionized and non-unionized. Based on the collective bargaining agreements in effect for those competitors, and other public or private sources, Delphi estimated selected competitors' costs using the same methodology that Delphi uses to construct its own penny sheets. This data shows that these competitors' base wages ranged from \$9.34 to \$14.83 per hour, with a simple average of \$12.48 per hour. The associated all-in labor costs of these competitors ranged from \$15.80 to \$29.54 with a simple average of \$21.08 per hour.

96. Conclusions. Based on its competitive analysis, Delphi concluded that a competitive average labor cost for production employees could not exceed \$22 per hour. The charts attached hereto as Exhibits J and K summarize the data examined by Delphi as part of this benchmarking exercise, showing both base wage rates and all-in labor costs.

97. Delphi's Proposal. After establishing its labor cost goal through the benchmarking exercise described above, Delphi constructed its proposals to produce a labor cost, excluding legacy retirement costs, of \$20.79 per hour for production employees. Skilled employees would receive total compensation averaging \$35.34 over the life of the labor contract, and production employees would receive total compensation averaging \$23.90 over the life of the contract. I have attached hereto as Exhibit L the "penny sheet" which shows the breakdown of wages, wage-related expenses, and benefits in achieving the targeted labor cost.

98. Historically, in bidding for new work Delphi has included all of its legacy costs, in determining its average hourly rate. The logic of this long-standing past practice was that all of these costs were attributable to labor, and the company therefore needed to recover these costs in order to remain profitable. In connection with the current restructuring, however, Delphi management made an important policy decision in November 2005 to exclude those legacy costs in analyzing its average U.S. hourly labor costs and in direct bidding for new supply contracts.

99. As explained, as Delphi down-sizes and its number of active employees decreases, the legacy costs become increasingly burdensome, ultimately dictating that Delphi could never achieve competitive labor costs because of its legacy obligations. Delphi concluded, therefore, it must deal with the legacy costs as part of its restructuring. The change in practice allows Delphi to consider resultant legacy costs as corporate burden, offer a competitive base wage for its U.S. employees, and win more business.

I declare under penalty of perjury, and pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed this 31st day of March, 2006

/s/ Kevin M. Butler

KEVIN M. BUTLER

Exhibit A

List of Debtors' Unions With Collectively Bargained Agreements Encompassed By

Debtors' Section 1113 and 1114 Motion International Unions

- | | | |
|----|----------|---|
| 1. | UAW | United Automobile, Aerospace and Agricultural Implement Workers of America |
| 2. | IUE-CWA | International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers -- Communications Workers of America |
| 3. | USW | United Steelworkers of America AFL-CIO/CLC |
| 4. | IBEW | International Brotherhood of Electrical Workers |
| 5. | IUOE | International Union of Operating Engineers |
| 6. | IAM & AW | International Association of Machinists and Aerospace Workers |

Local Unions

- | | <u>Union and Local</u> | <u>Debtors' Division/ and Plant</u> |
|-----|------------------------|-------------------------------------|
| 7. | IUE, Local 1111 | AHG - Anaheim |
| 8. | UAW, Local 662 | AHG - Anderson |
| 9. | UAW, Local 2195 | AHG - Athens |
| 10. | UAW, Local 2188 | AHG - Fitzgerald |
| 11. | UAW, Local 651 | AHG - Flint East |
| 12. | UAW, Local 659 | AHG - Flint West |
| 13. | IUE, Local 755 | AHG - Kettering |
| 14. | UAW, Local 2190 | AHG - Laurel |
| 15. | IUE, Local 801 | AHG - Moraine |
| 16. | IUE, Local 416 | AHG - New Brunswick |
| 17. | UAW, Local 1021 | AHG - Olathe |
| 18. | IUOE, Local 101-S | AHG - Olathe |
| 19. | UAW, Local 2083 | AHG - Tuscaloosa |
| 20. | USW, Local 87 | AHG - Vandalia (Home) |
| 21. | UAW, Local 696 | AHG - Wisconsin Needmore |
| 22. | UAW, Local 292 | E & S - Kokomo |
| 23. | UAW, Local 438 | E & S - Milwaukee |
| 24. | IAM, Local 78 | E & S - Milwaukee |
| 25. | IBEW, Local 663 | E & S - Milwaukee |
| 26. | UAW, Local 2151 | E & C - Coopersville |
| 27. | UAW, Local 167 | E & C - Grand Rapids |
| 28. | IBEW, Local 663 | E & C - Milwaukee |
| 29. | UAW, Local 1866 | E & C - Milwaukee |

<u>Union and Local</u>	<u>Debtors' Division/ and Plant</u>
30. UAW, Local 1097	E & C - Rochester
31. IUOE, Local 832S	E & C - Rochester
32. UAW, Local 467	E & C - Saginaw Mfg
33. UAW, Local 913	E & C - Sandusky
34. UAW, Local 2157	E & C - Wichita Falls
35. IUE, Local 718	PE - Brookhaven
36. IUE, Local 698	PE - Clinton
37. IUE, Local 717	PE - Warren
38. UAW, Local 699	SS - Saginaw
39. UAW, Local 2031	T & I - Adrian
40. IUOE, Local 18-S	T & I - Columbus
41. UAW, Local 969	T & I - Columbus
42. UAW, Local 2083	T & I - Cottondale
43. IUE, Local 711	T & I - Gadsden
44. UAW, Local 686	T & I - Lockport
45. USW, Local 87	T & I - Vandalia

Exhibit B

Agreement

Between

**DELPHI
CORPORATION**

and the

UAW

DELPHI



September 18, 2003
(Effective October 6, 2003)

I.36.1

has been jointly established locally it shall be reviewed by the Local Apprentice Committee and the Local Joint Committee on Health and Safety and a copy of each revised schedule shall be forwarded to the Delphi-UAW Skilled Trades and Apprentice Committee for approval. The schedules revised in accordance with this agreement will be adopted for those apprentices presently in the training program to the extent that they can be integrated into such revised programs without interfering with the progress of the apprentice."

[See Par. (122)f,(133),(145)]

[See Doc. 7]

23. Group Legal Services Plan

A 2003 Supplemental Agreement Covering Group Legal Services Plan, Exhibit I, set forth in the pages initialed by the parties, is agreed to, effective in accordance with and subject to the provisions of such pages.

24. Employee Benefit Plans and Programs

During the course of bargaining, the Union requested that the Supplemental Agreement(s) regarding Employee Benefit Plans and Programs which are attached to and part of the 2003 GM-UAW and 2003 Delphi-UAW National Agreement(s) be administered as if there were one agreement. Notwithstanding the fact that the companies will have different third party administrators, the parties agreed that, with the exception of system access, Delphi and GM will make the necessary arrangements to assure that the administration of the Employee Benefits Plans and Programs, to the extent reasonably feasible, will be consistent between the two companies during the term of the 2003 National Agreement(s).

25. UAW - GM - Delphi Flowback Agreement

For the purposes of this UAW - GM - Delphi

Flowback Agreement, "GM Employee", as used herein, refers to the UAW hourly represented employees actively employed at GM and employees with unbroken seniority who are on lay off or leave of absence from GM business units. "Delphi Employee", as used herein, refers to the UAW hourly represented employees actively employed at Delphi and employees with unbroken seniority who are on lay off or leave of absence from Delphi business units (See Attachment A).

Employee Placement

It is recognized that the ability to move from GM to Delphi and from Delphi to GM is a concern of employees. The Parties have developed the following procedures to address this concern.

A. Eligibility

GM and Delphi employees who were hired on or before the expiration date (October 18, 1999) of their respective 1996 GM-UAW or Delphi-UAW National Agreements will be covered by this Flowback Agreement.

B. Application Process

1. GM or Delphi employees who wish to apply for job openings at the other Company must file an Area Hire and/or Extended Area Hire Application using the GM Employee Placement System (EPS). Employees may file an application to the other Company through December 31, 2006.
2. Employees who have filed an Area Hire and/or Extended Area Hire Application pursuant to this Flowback Agreement, will be permitted to designate one or more plant locations and to change their selection of plant locations during and after the close of the application period.

C. Placement Process

1. Area Hire Placement

When there are applicants for Area Hire placement between Companies, the following priority will apply in filling openings:

- a) Plant recall
- b) Plant rehire
- c) Laid off employees from the Company with the job opening, who volunteer, will be made job offers in seniority order.
- d) Applicants from the other Company will be made job offers in seniority order.
- e) The balance of Area Hire job offers will be made in accordance with the provisions of Appendix A of the Company with the job opening.
- f) When the number of applicants to be made offers exceeds the number of applicants that could be immediately released, the UAW, GM and Delphi will develop an employee transfer plan that protects the effectiveness of the on-going operations and accommodates timely employee placement.
- g) Employees will remain eligible for Area Hire job offers between Companies until they are placed or refuse an Area Hire job offer.

2. Extended Area Hire Placement

- a) Eligible applicants for Extended Area Hire placement between Companies will be eligible for a maximum of three (3)

Extended Area Hire job offers to openings. These Extended Area Hire job offers will be made to such applicants in seniority order for their first Extended Area Hire opportunity. After the initial offer, all Extended Area Hire applicants will be combined and job offers will be made in seniority order. To fulfill contractual requirements to hire new employees at one Company, applicants from the other Company will be made job offers in seniority order. When the number of applicants to be made offers exceeds the number of applicants that could be immediately released, the UAW, GM and Delphi will develop an employee transfer plan that protects the effectiveness of the on-going operations and accommodates timely employee placement.

- b) Employees will continue to be eligible for Extended Area Hire job offers between Companies until they are placed or refuse three (3) such Extended Area Hire job offers.
- 3. When a contractual requirement to hire new employees exists at a GM or Delphi plant, the appropriate applicant from the other Company will be made a job offer. The placement of the applicant will result in a new hire backfill at the sending plant. An applicant so placed will satisfy the contractual new hire requirement.

For the period of 10-1-03 through 9-14-07 contractual requirements to hire new employees will be filled in a ratio of 2:1 (i.e., 2 Flowbacks and 1 New Hire).

When it is otherwise necessary, i.e. a non-

contractual requirement, to add new employees at a GM or Delphi plant, the appropriate applicant from the other Company will be made a job offer. The placement of the applicant will result in a backfill at the sending plant in the following order: (1) a Protected Status employee being placed on active status, (2) recalling an employee from layoff, or (3) by hiring new employees.

4. The provisions of this Flowback Agreement provides for one Company to Company placement per employee.

5. Employees who have broken seniority pursuant to Paragraphs 64(a) through 64(d) or Paragraph 111(b) will be eligible to file an Area Hire and/or Extended Area Hire Application to the other Company under this Flowback Agreement.

D. Recall and Rehire Rights

The separation of GM and Delphi does not impact recall and/or rehire rights at either Company. Employees who retire from one Company will not be eligible for placement at the other Company.

E. Employees on Leave

Employees on leaves of absence from either Company must return to active status at the plant from which they are on leave in order to be eligible for placement pursuant to the terms of this Flowback Agreement.

F. Skilled Trades

1. Skilled Trades employees with unbroken GM or Delphi skilled trades seniority, who apply for transfer between Companies, will be given

the opportunity to file Area Hire and/or Extended Area Hire Application for a skilled trades job opening and/or a non-skilled job opening.

2. Skilled Trades employees with unbroken GM or Delphi skilled trades seniority, who apply for transfer between Companies, currently working as a non-skilled employee may file an Area Hire and/or Extended Area Hire Application for a skilled trades job opening and/or a non-skilled job opening.

G. Apprentices

It is understood that Paragraph (113a) and Document 20 will apply between GM and Delphi.

H. Employee Placement System and Placement Process Impact

During the implementation of this Flowback Agreement, it is recognized that an increase in placement activity may occur. Any issues related to the implementation of this Flowback Agreement will be addressed promptly by the GM and UAW National Parties and/or Delphi and UAW National Parties.

It is further understood that the National Parties may also mutually agree to deviate from this process.

Delphi Business Units

Delphi Operating Units

- Delphi Energy & Chassis-Saginaw Manufacturing
- Delphi Energy & Chassis-Sandusky
- Delphi Automotive Holdings Group-Needmore Road
- Delphi Delco-Kokomo
- Delphi Delco-Milwaukee
- Delphi Automotive Holdings Group-Anderson
- Delphi Energy & Chassis-Coopersville

- Delphi Automotive Holdings Group-Fitzgerald
- Delphi Automotive Holdings Group-Flint East
- Delphi Automotive Holdings Group-Flint West
- Delphi Energy & Chassis-Grand Rapids
- Delphi Energy & Chassis-Laurel
- Delphi Energy & Chassis-Milwaukee
- Delphi Automotive Holdings Group-Olathe Battery
- Delphi Energy & Chassis-Rochester
- Delphi Energy & Chassis-Wichita Falls
- Delphi Safety & Interior-Adrian
- Delphi Safety & Interior-Columbus
- Delphi Automotive Holdings Group -Athens
- Delphi Steering-Saginaw
- Delphi Harrison Thermal-Lockport
- Delphi Automotive Holdings Group -Tuscaloosa

Delphi Closed/Consolidated Units

- Inland Fisher Guide-Detroit
- Inland Fisher Guide- Elyria
- Inland Fisher Guide- Euclid
- Inland Fisher Guide- O'Fallon
- Inland Fisher Guide-Tecumseh
- Inland Fisher Guide-Sioux City
- Inland Fisher Guide-Syracuse
- Delphi Chassis-Bristol
- Delphi Chassis-Livonia
- Delphi Energy & Engine-Albany
- Delphi Energy & Engine-Muncie Battery
(Consolidated)
- Delphi Interior - Trenton

26. Center for Human Resources

Whenever a reference to the UAW-Delphi Center for Human Resources (CHR) or a related activity appears, it shall be deemed to refer to the UAW-GM Center for Human Resources (CHR) and, as appropriate in the context, the services, programs and activities provided through, and the facilities owned, operated or otherwise

Exhibit C

DELPHI CORPORATION

September 18, 2003

Mr. Richard Shoemaker
Vice President and Director
General Motors Department
International Union, UAW
8000 East Jefferson Avenue
Detroit, Michigan 48214

Dear Mr. Shoemaker:

Subject: Plant Closing Moratorium

As a result of your deep concern about job security in our negotiations and the many discussions which took place over it, this will confirm that during the term of the new Collective Bargaining Agreement, until September 14, 2007, the Corporation will not close, nor partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose of in any form, any plant, asset, or business unit of any type, beyond those which have already been identified, constituting a bargaining unit under the Agreement.

In making this commitment, it is understood that conditions may arise that are beyond the control of the Corporation, e.g., act of God, and could make compliance with this commitment impossible. Should such conditions occur, the Corporation will review both the conditions and their impact on a particular location with the Union.

Should it be necessary to close a plant constituting a bargaining unit consistent with our past practice, the

PLANT CLOSING AND SALE MORATORIUM

Corporation will attempt to redeploy employees to other locations and, if necessary, utilize the "Special Programs" identified in Appendix K of the Delphi-UAW National Agreement or other incentivized attrition programs as agreed to by the National JOBS Committee.

Very truly yours,

Kevin M. Butler
Vice President
Human Resource Management

UAW-Delphi Supplemental Agreement

In accordance with the Memorandum of Understanding agreed to as part of the 2003-2007 National Agreement between International Union, UAW (hereinafter referred to as UAW) and Delphi Corporation (hereinafter referred to as Delphi), the UAW and Delphi agree as follows regarding wage and benefit levels and other matters applicable to employees hired after the effective date of this Supplement. Except as otherwise specified in this Supplement, employees hired after the effective date of this Supplement will be covered in all respects by the UAW-Delphi National Agreement.

Notwithstanding the foregoing, or anything else to the contrary, Articles 2 and 3 of this Supplement apply to all UAW-represented Delphi facilities covered by the 2003 UAW-Delphi National Agreement.

Article 1

Duration

This Supplement shall take effect on May 3, 2004 ("Effective Date") and continue until 11:59 p.m. on September 14, 2011, subject to the modification and termination provisions of Paragraph (223) of the 2007 UAW-Delphi National Agreement. In the event the parties negotiate an expiration date for the 2007 UAW-Delphi National Agreement that is different from September 14, 2011, the expiration date of this Supplement shall be amended to run coterminous with the 2007 UAW-Delphi National Agreement.

Applicability

The terms of this Supplement apply to all hourly bargaining unit employees newly hired on or after the Effective Date at all Delphi facilities covered by the UAW-Delphi National Agreement, including temporary employees on the roll prior to the Effective Date who are subsequently converted to permanent status.

Seniority and Transfers

Employees hired under this Supplement will be eligible to transfer within the classifications covered by this Supplement in accordance with applicable National or Local Agreement provisions, and may apply and be transferred, if qualified, to the skilled trades, apprentice or EIT classifications. Notwithstanding any such transfer, these employees will continue to be covered by this Supplement.

Document 13

Notwithstanding the expiration date of this Supplement or any other provision herein, during the 4-year period following the expiration of the 2003-2007 UAW-Delphi National Agreement, except by mutual agreement with the Union, the Corporation will not close, nor partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose of in any form, any plant, asset, or business unit of any type constituting a bargaining unit under the UAW-Delphi National Agreement.

It is understood that conditions may arise that are beyond control of the Corporation, e.g., act of God, and could make compliance with this commitment impossible. Should such conditions occur, the Corporation will review the conditions and their impact on a particular location with the Union.

Article 3

Scope

Except as specifically provided in this Supplement, all provisions of the 2003 National Agreement, supplements and understandings and local agreements existing as of the Effective Date shall apply to employees covered by this Supplement.

Any future changes to the UAW-Delphi National Agreement, supplements or understandings will apply to employees covered by this Supplement only by express agreement between the National Parties.

Compliance - Dispute Resolution

Disputes, local and national, involving the application or interpretation of this Supplement, including but not limited to the commitments set forth in Article 2 above, will be reviewed by a Joint Committee consisting of three (3) members appointed by the UAW Vice President and Director of the General Motors Department and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.

The Joint Committee shall meet at least quarterly. Delphi shall make a written report to the Joint Committee at each such meeting, which shall detail all new information on each of the topics covered by Article 2, what steps Delphi has taken to comply with its obligations in those areas and what further steps Delphi intends to take in each of those areas. Delphi will provide information as necessary on any issues raised for discussion or resolution.

Exhibit D

**PROPOSED MODIFICATIONS TO THE UAW-DELPHI AGREEMENTS PURSUANT
TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications, pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the UAW National Agreements and UAW Local Agreements, both as defined below, between the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, and/or its Local Unions ("UAW") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
UAW-Delphi Agreements	The term "UAW-Delphi Agreements" shall mean both the UAW National Agreements and the UAW Local Agreements as defined below.
UAW National Agreements	<p>The term "UAW National Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation and the UAW, dated September 18, 2003 (the "UAW-Delphi National Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D to Agreement between Delphi Corporation and UAW, dated September 18, 2003;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering UAW-Delphi Legal Services Plan, Exhibit I to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The UAW-GM-Delphi "Memorandum of Understanding Benefit Plan Treatment" dated September 30, 1999 and the Amendment thereto dated September 18, 2003; • The UAW-Delphi Supplemental Agreement dated April 29, 2004; • The letter from Ralph E. Handley to Richard Shoemaker dated September 29, 1999 concerning "Post-2003 Delphi Agreement" ("The Mirror Letter"); • The Excerpt from the Minutes of 1999 Delphi-UAW National Negotiations dated November 18, 1999 concerning Delphi's willingness to mirror the appropriate terms of the next GM-UAW National Agreement; • The Special Attrition Plan – DIS Trenton dated October 26, 2000; • The Special Attrition Plan – Delphi Energy & Chassis – Muncie dated November 3, 2003; • The Special Attrition Plan – Delphi Energy & Chassis – Livonia dated December 9, 2003; and • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the International Union, UAW.
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UAW Local Agreements	<p>The term "UAW Local Agreements" shall mean the following;</p> <ul style="list-style-type: none"> • The agreements between Delphi Automotive Holdings Group – Anderson, Indiana and UAW Local 662 • The agreements between Delphi Automotive Holdings Group – Athens, Alabama and UAW Local 2195 • The agreements between Delphi Automotive Holdings Group – Fitzgerald, Georgia and UAW Local 2188 • The agreements between Delphi Automotive Holdings Group – Flint East, Michigan and UAW Local 651 • The agreements between Delphi Automotive Holdings Group – Laurel, Mississippi and UAW Local 2190 • The agreements between Delphi Automotive Holdings Group – Olathe, Kansas and UAW Local 1021 • The agreements between Delphi Automotive Holdings Group – Wisconsin/Needmore Plants, Dayton, Ohio and UAW Local 696 • The agreements between Delphi Electronics and Safety – Kokomo, Indiana and UAW Local 292 • The agreements between Delphi Electronics and Safety – Milwaukee, Wisconsin and UAW Local 438 • The agreements between Delphi Energy and Chassis – Coopersville, Michigan and UAW Local 2151 • The agreements between Delphi Energy and Chassis – Grand Rapids, Michigan and UAW Local 167 • The agreements between Delphi Energy and Chassis – Milwaukee, Wisconsin and UAW Local 1866 • The agreements between Delphi Energy and Chassis – Rochester, New York and UAW Local 1097 • The agreements between Delphi Energy and Chassis – Saginaw, Michigan and UAW Local 467
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	<ul style="list-style-type: none"> • The agreements between Delphi Energy and Chassis – Sandusky, Ohio and UAW Local 913 • The agreements between Delphi Energy and Chassis – Wichita Falls, Texas and UAW Local 2157 • The agreements between Delphi Steering – Saginaw Michigan and UAW Local 699 • The agreements between Delphi Thermal and Interior – Adrian, Michigan and UAW Local 2031 • The agreements between Delphi Thermal and Interior – Columbus, Ohio and UAW Local 969 • The agreements between Delphi Thermal and Interior – Cottdale, Alabama and UAW Local 2083 • The agreements between Delphi Thermal and Interior – Lockport, New York and UAW Local 686 • The agreements identified in Appendix C; and <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the UAW local unions.</p>
Effective Date	The UAW-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the “Effective Date”).
Duration	The UAW-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on January 1, 2012, subject to the modification and termination provisions of Paragraph (223) of the UAW-Delphi National Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the UAW-Delphi Agreements shall be modified as set forth in Appendix A:</p> <ul style="list-style-type: none"> • Paragraphs (97), (98), (98)(1), (98)(2), (98)(3), (98)(4), (98)(5), (98)(6), (98a), (98b), (99), (99a), (100), (101)(a)(2), (101)(e), (102), (102a), (143), (151), (163), (164), (165), (181a), Document 85, Document 146, Section 10 of the Contract Settlement Agreement of the UAW-Delphi National Agreement and other references related to wage schedules,

	<p>rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <ul style="list-style-type: none"> • Paragraph 90 of the UAW-Delphi National Agreement will be deleted, and all other references to payment plans in other national and/or local Agreement provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • All payroll drafts and EFT's will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA). Paragraphs (101)(d), (101)(e), (101)(f), (101)(g), (101)(h), (101)(i), (101)(j), (101)(k), (101)(l), Document 87 and Document 101 of the UAW-Delphi National Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<p>The overtime provisions of the UAW-Delphi Agreements shall be modified as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (81), (82), (84)(a), (84)(b), (85)(a), (85)(b), (85)(c), (86), (87), (87)(1), (87)(2), (87)(3), (87)(4), (87)(5), (87)(6), (206), Document 1, Document 2, Document 3, Document 4, and the Memorandum of Understanding on Overtime of the UAW-Delphi National Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the UAW-Delphi Agreements or local

	<p>agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted.</p> <ul style="list-style-type: none"> • All voluntary overtime provisions of the UAW-Delphi Agreements shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the UAW-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Paragraph 89 of the UAW-Delphi National Agreement and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the UAW-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the UAW shall mutually agree on what the ten paid holidays will be.</p> <p>Paragraphs (203), (203a), (203b), (203c), (208), (209), (211), (213a), Document 80 and Document 134 of the UAW-Delphi National Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements will be eliminated.</p>						

Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (202a), (202b), (202c), (202d), (202d)(1), (202d)(2), (202d)(3), (202e), (202f), (202f)(1), (202f)(2), (202f)(3), Document 136 and Document 137 of the UAW-Delphi National Agreement will be deleted and all other references to Independence Week in the UAW-Delphi Agreements will be eliminated.</p>																
Vacation Accrual	<p>Paragraph (191) of the UAW-Delphi National Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated UAW-Delphi Agreements will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p> <table border="1" data-bbox="540 1142 1268 1707"> <thead> <tr> <th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr> </thead> <tbody> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </tbody> </table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement																
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Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows:</p>																

	<ul style="list-style-type: none"> • Only “U.S. Operations”, as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section I shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • Section I of the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, providing a Corporation-funded Flexible Spending Account shall be eliminated. • Item 17 (Contract Settlement Agreement) shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation).

	<ul style="list-style-type: none"> ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Utilization Review and Cost Containment; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options; and ▪ Health Care – HMO ○ Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network.
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	<ul style="list-style-type: none"> ○ Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section IV shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology;

	<ul style="list-style-type: none"> • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 13 of the UAW-Delphi National Agreement, and all related provisions of the existing agreements, National and/or Local, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Document 91 of the UAW-Delphi National Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.</p>
Elimination of Protected Status (JOBS Bank)	<p>Appendix K and Documents 10, 11, 117, 118 and 132 of the UAW-Delphi National Agreement and all related provisions of the existing agreements shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).</p>
Hiring Requirements	<p>All hiring requirements accrued as of the Effective Date of this agreement generated as a result of Appendix K or under the flowback provisions or under any local agreement will be canceled. All provisions of the national or local Agreements that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices under Document 63 of the UAW-Delphi National Agreement.</p>

Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, national and/or local, that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees relocating to a GM plant outside of the area hire or transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Appendix L, Documents 12, 89, 120, 127, 140 and 153 of the UAW-Delphi National Agreement, and all other related provisions of the existing local and national agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraphs (140), (140a), (140b), Appendix F-1, Documents 112, 149 and 152 of the UAW-Delphi National Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be eliminated.</p> <p>Paragraphs (183)(c), (183)(d) and Appendix F of the UAW-Delphi National Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, national and local, will be modified to refer only to core activities that directly support production activities.</p>

	<p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting; • HVAC installation and repair; • Telephone and IT equipment installation and support; • Construction and rearrangement of facilities; <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
Supplemental Unemployment Benefits	<p>The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D, the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section V; and Document 84 (Collective Bargaining Agreement) shall be eliminated.</p>

Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E shall be eliminated.
Temporary Employees	<p>Appendix A, X will be modified as follows:</p> <ul style="list-style-type: none"> • The Corporation, at its discretion, may hire temporary employees. <p>Document 144 of the UAW-Delphi National Agreement will be eliminated.</p>
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absences/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Document 8 and Document 125 of the UAW-Delphi National Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any and all provisions of the UAW-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
UAW Representation and Support	
CHR Funding and Joint Fund Accruals	<p>The funding provisions of Section III, subsections A and B of the Memorandum of Understanding – Joint Activities, and Item 19 (Contract Settlement Agreement) of the UAW-Delphi National Agreement will be deleted.</p> <ul style="list-style-type: none"> • The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation. • The Memorandum of Understanding – Human Resources Development, the Memorandum of Understanding - Joint Skill Development and Training, the Memorandum of Understanding – Tuition Assistance Plan, Documents 36, 38, 43, 102, 103, 106, 109, 110, 121, 123, 129, 130, 133, and Item 23 (Contract Settlement Agreement) - Group Legal Services Plan of the UAW-Delphi National Agreement and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • Documents 37 and 108 of the UAW-Delphi National Agreement – Child and Elder Care referral services and the Homework Hotline, and any subsidy for any child care center usage will be eliminated.
Legal Services	<p>The Supplemental Agreement Covering UAW-Delphi Legal Services Plan, Exhibit I, of the UAW-Delphi National Agreement, shall be eliminated.</p>
Quality Network	<p>Document 40 of the UAW-Delphi National Agreement and all other references to Quality Network in other provisions and/or</p>

	associated documents and all associated Supplemental Agreements will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.
Union Representation	<p>The union representation provisions of the UAW-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of Union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health & safety, special skilled trades, future product, joint training, human resource development, joint activities, joint ergonomics, equal application, work/family, Quality Network and ADAPT) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50. • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committee persons, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (9), (11), (21), (21)(2), Sections VI, VI(a), and VI(b) of Document 7, the representation provisions of Section VII of Attachment A to Document 7, Document 46 and Document 77 of the UAW-Delphi National Agreement will be deleted, and all other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.
Neutrality Letter	The neutrality letter shall be eliminated.

No-Strike Provisions	<p>No strikes, work stoppages or slowdowns shall be permitted during the term of the UAW-Delphi Agreements.</p> <p>Paragraphs (116), (117), (118) of the UAW-Delphi National Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Section III of the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, shall be eliminated. • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology, and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>

<p>Hourly-Rate Employees Pension Plan</p>	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section II shall be eliminated or modified as follows :</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective January 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security, and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
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Potential Termination of Hourly Rate Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section I shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.
Retiree Life Insurance— (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B and the UAW-Delphi Supplemental Agreement, Attachment B, Section IV dated April 29, 2004 shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance— (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.

Local Agreements	
Effect on Local Agreements	<p>The UAW National Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the UAW local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the national parties, any provisions of the Local Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such Local Agreements shall be deemed withdrawn as moot.</p> <p>A non-exclusive list of agreements that will be eliminated is attached as Appendix C.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, the Local Agreements will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and UAW Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to National Party approval. <p>Alternative Work Schedules.</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All UAW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with the National Agreement.
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current UAW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 UAW-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current UAW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the UAW Vice President and Director of General Motors Department and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the UAW-Delphi National Agreement.

Complete Agreement and Waiver	<p>The Corporation and the UAW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the UAW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the UAW as to all modifications to the existing UAW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 2005.

FOR THE INTERNATIONAL UNION,
UNITED AUTOMOBILE, AEROSPACE
AND AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There are two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the UAW in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$9.50	\$10.50	\$19.00
New Hire Rates -	\$9.00	\$9.00	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Low Production	High Production	Skilled
0 – 26	\$9.00	\$9.00	\$18.00
27 – 52	\$9.25	\$9.25	\$18.25
53 – 78	\$9.50	\$9.50	\$18.50
79 – 104		\$9.75	\$18.75
105 – 130		\$10.00	\$19.00
131 – 156		\$10.25	
157 – 182		\$10.50	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An employee-in-training (E.I.T.) shall receive a rate not less than \$11.00 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hour each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160
 - Employee + Family \$240
- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

APPENDIX C - NON-EXCLUSIVE

LIST OF AGREEMENTS THAT WILL BE ELIMINATED

- The letter dated July 13, 1998 and February 20, 2001 from Ralph E. Handley to Jim Beardsley regarding an employment floor at the Delphi Flint East Plant.
- The letter dated July 21, 2004 from Kevin M. Butler to Richard Shoemaker regarding Delphi's commitment, with GM's support, to develop and implement a plan that would, in part, maintain business that would support an ongoing employment level of at least 3,000 people at the Flint East plant.
- The "Memorandum of Understanding, Job Security for Skilled Trades Employees", dated March 27, 1985, between UAW Local 662 and Delco Remy Division, Anderson, Indiana.
- The "Memorandum of Understanding" dated March 27, 1985, between UAW Local 662 and Delco Remy Division, Anderson, Indiana guaranteeing the commitment in the Memorandum of Understanding on Job Security for Skilled Trades Employees on behalf of Delco Remy Division in the event the job security provisions of the GM-UAW National Agreement are not applicable or if the program is discontinued.
- The "Memorandum of Understanding" dated September 13, 1988 between UAW Local 662 and Delco Remy Division, Anderson, Indiana applying the provisions of the "Memorandum of Understanding – Job Security for Skilled Trades Employees" dated March 27, 1985 to temporary layoff situations with certain exclusions.
- The "Oxygen Sensor Manufacturing Site Commitment" from 1999 local negotiations between UAW Local 2157 and Delphi Energy & Chassis Systems, Wichita Falls, Texas.
- The understanding between the local parties from 1987 Local Negotiations at Delphi Energy and Chassis Division (then Rochester Products Division) – Rochester, New York that the Machinist classification at the (now) E&C Rochester plant would only be reduced by normal attrition or other voluntary attrition methods.
- The resolution of Local Demand 42 dated October 14, 1992 between UAW Local 167 and (then) AC Rochester Division, Grand Rapids, Michigan, obligating the Corporation to bring tooling work in-house rather than placing Tool and Die Makers in the JOBS Bank.
- The resolution of 1993 Local Demand 34 ("General Maintenance") between Local 167 and Delphi Energy & Chassis Division, Grand Rapids, Michigan, obligating the Corporation to retain a cleaning crew of eleven (11) employees in the event of a permanent reduction in force.

- The “Automotive Volume Calculation Formula”, dated June 6, 1989 and subsequently incorporated into the 1990 local agreement between UAW Local 438 and the (then) Delco Electronics plant at Oak Creek (Milwaukee), Wisconsin, and any subsequent modifications thereto.
- The “MOU on New Work” dated November 7, 2003 at the Delphi Thermal & Interior plant in Adrian, Michigan.
- The answer to Demand P-25 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 14, 2000, related to process requirements for spot buy situations.
- The answer to Demand P-29 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The answer to Demand S-16 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 9, 2000.
- The combined answer to Demands S-23 and S-25 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The answer to Demand S-30 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The “Memorandum of Understanding – Model Shop” dated November 1, 2002 between UAW Local 686 and Delphi Harrison Thermal Systems – Lockport, New York, – “Additional Understandings Model Shop, Engineering Test, and Garage and Tunnel, all dated November 1, 2002”.
- The “Memorandum of Understanding – Engineering Test” between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated November 1, 2002.
- The following agreements between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, regarding definitions of work to be regarded as normal and historical work for certain skilled trades classifications, dated November 1, 2002:
 - “Model Maker – Normal and Historical”
 - “Experimental Engineering Test Technician (J-132) Normal & Historical (Includes all product testing of products to be built at Delphi Thermal’s Lockport Facility)”
 - “Garage Mechanic – Normal & Historical”
 - “Tunnel Operator – Normal & Historical”
- The answer to Demand G-2 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated September 4, 2004, regarding award work content for the GMT-900 program to the Lockport plant.

- The answers to Demands P-1, P-2 and P-3 dated July 23, 2004 between Delphi Thermal Systems, Lockport, New York and UAW Local 686.
- The "Settlement Agreement" dated November 1, 1994 between Saginaw Division, Alabama Site, General Motors Corporation and UAW Local 2195.
- Unpublished Letter – "Voluntary Indefinite Layoff" dated September 13, 2003 between Delphi AHG – Athens, Alabama plant and UAW Local 2195.
- Grievance settlement between Delphi E&C – Grand Rapids plant and UAW Local 167 that would require insourcing of "blueprint tooling" in lieu of laying off Toolmakers and retention of a 12-person plant clean-up crew.
- The settlement of Appeal Case Y-71 (Grievance S28510) at the Delphi E&S – Milwaukee plant.
- The settlement of Management Initiative MI-11, dated October 12, 1999 at the Delphi E&C – Milwaukee plant.
- The resolution (for the Minutes Only) of 1999 Demand 22 at the Delphi E&C – Rochester plant.
- The resolution dated April 28, 2000 to 1999 Demand 197 at the Delphi E&C – Rochester plant.
- The resolution dated August 10, 2005 to 2003 Demand 65 at the Delphi E&C – Rochester plant.
- The resolution dated February 7, 2004 to 2003 Demand 96 at the Delphi E&C – Rochester plant.
- The "Unpublished Minutes" dated October 27, 2003 regarding subcontracting at the Delphi E&C – Saginaw plant.
- The Unpublished Letter regarding multiple starting times, paid lunch periods and overtime in Department 9893 at the Delphi E&S – Kokomo plant.
- The Unpublished Memorandum of Understanding regarding paid lunches on Christmas and Thanksgiving Day, and any similar understanding from 1999 local negotiations, at the Delphi E&S – Kokomo plant.
- The document "Issue Resolved 11/13/02" dated December 6, 2002 at the Delphi E&S – Kokomo plant.
- The settlement of Grievance #59715 dated March 28, 1979 at the Delphi E&S – Kokomo plant concerning scheduling of gang leaders.

- The “Grievance Settlement” and “Statement for the Minutes” dated September 30, 2003 at the Delphi E&S – Kokomo plant concerning representation during disciplinary interviews.
- The resolution “I.S.O. 17025 Certification” dated December 1, 2003 at the Delphi E&S – Kokomo plant.
- The Memorandum of Understanding dated February 13, 2004 at the Delphi E&S – Kokomo Plant regarding full utilization of skilled trades employees.
- The “Memorandum of Understanding – Model Shop” dated March 12, 2004 at the Delphi E&S – Kokomo Plant.
- The resolution of Demand 60 “Skilled Headcount” dated March 12, 2004 at the Delphi E&S – Kokomo Plant.
- The “Memorandum of Understanding – Skilled Trades – Apprentice Headcount”, dated March 15, 2004 at the Delphi E&S – Kokomo plant.
- The “Memorandum of Understanding on Transitional Work Program” dated December 20, 2004 between the Delphi E&S – Milwaukee plant and UAW Local 438
- The “General Stores Call-In Guidelines” dated August 3, 1995 and the earlier “General Stores Call-In Guidelines” dated February 5, 1992 at the Delphi E&S – Milwaukee plant
- The grievance settlement dated August 23, 1979 at the Delphi T&I – Adrian plant that requires scheduling a crib attendant when twelve (12) or more skilled trades employees are working.
- The settlement of 2003 Demand G-49 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The settlement of 2003 Demand H&S P-2 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The settlement of Demand G-57 dated July 23, 2004 at the Delphi T&I – Lockport plant.
- The settlement of Demand P-27 dated February 20, 2000 at the Delphi T&I – Lockport plant.
- The settlement of Demand P-3 dated July 23, 2004 at the Delphi T&I – Lockport plant.

- The settlement of Demand P-32 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The Memorandum of Understanding – “Central Fab & Construction” dated September 19, 1999 between the Delphi Saginaw Steering Systems – Saginaw plant and UAW Local 699.
- The “Memorandum of Understanding – Volume Related Layoff” dated October 12, 2001 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The “Cooperative Agreement Between Management and Union – Non-Traditional Assignments of UAW Local 699 Members” dated September 13, 2002 at the Delphi Saginaw Steering Systems – Saginaw plant..
- The Memorandum of Understanding – “Delphi Saginaw Steering Systems Process Development Laboratory (PDL)”, dated April 25, 2001 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Memorandum of Understanding – “Delphi Saginaw Steering Systems – Prototype Operations Factory”, dated September 2, 1997 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Memorandum of Understanding – “Site Maintenance” dated December 9, 2002, at the Delphi Saginaw Steering Systems – Saginaw plant.
- The “Memorandum of Understanding – Tool and Die Maker Concerns” dated April 22, 2003 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The “Memorandum of Understanding”, dated February 15, 2002 concerning voluntary layoffs at the Delphi Saginaw Steering Systems – Saginaw plant.

**PROPOSED MODIFICATIONS TO THE IUE-CWA-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation ("Delphi" or the Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code to the IUE-CWA-National Agreements and IUE-CWA Local Agreements, both as defined below, between the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America, and/or its Local Unions ("IUE-CWA") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
IUE-CWA-Delphi Agreements	The term "IUE-CWA-Delphi Agreements" shall mean both the IUE-CWA National Agreements and the IUE-CWA Local Agreements as defined below.
IUE-CWA-National Agreements	<p>The term "IUE-CWA-National Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation and the IUE-CWA, dated November 16, 2003 (the "IUE-CWA-Delphi National Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003 • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering IUE-CWA - Delphi Legal Services Plan, Exhibit I to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The "Memorandum of Understanding Regarding Pension and Other Matters Concerning the Employment of GM Employees with Delphi Automotive Systems" dated December 1, 1998; • Memorandum of Understanding – IUE-CWA Automotive Conference Board – Joint Programs dated January 4, 2005 concerning payment of wages and benefits for five (5) IUE-CWA staff members from Joint Funds; • The unpublished Excerpt from the Minutes dated November 15, 2003 concerning development of a viable business represented by IUE-CWA Local 1111; and • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUE-CWA.
IUE-CWA Local Agreements	<p>The term "IUE-CWA Local Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The agreements between Delphi Automotive Holdings Group – Anaheim (Ontario), California and IUE-CWA Local 1111

	<ul style="list-style-type: none"> • The agreements between Delphi Automotive Holdings Group – Kettering, Ohio and IUE-CWA Local 755 • The agreements between Delphi Automotive Holdings Group – Moraine, Ohio and IUE-CWA Local 801 • The agreements between Delphi Automotive Holdings Group – New Brunswick, New Jersey and IUE-CWA Local 416 • The agreements between Delphi Packard Electric – Brookhaven, Mississippi and IUE-CWA Local 718 • The agreements between Delphi Packard Electric – Clinton, Mississippi and IUE-CWA Local 698 • The agreements between Delphi Packard Electric – Warren, Ohio and IUE-CWA Local 717 • The agreements between Delphi Packard Electric – Gadsden, Alabama and IUE-CWA Local 711 • The agreements identified in Appendix C; and • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IUE-CWA local unions.
Effective Date	The IUE-CWA-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date").
Duration	The IUE-CWA-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on January 1, 2012, subject to the modification and termination provisions of Paragraphs (107) and (108) of the IUE-CWA-Delphi National Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IUE-CWA-Delphi Agreements shall be modified as set forth in Appendix A:</p> <ul style="list-style-type: none"> • Paragraphs (61), (61)(1), (61)(2), (61)(3), (61)(4), (61)(5), (61)(6), (61a), (61b), (61c), (61d), (62), (65b), (65e), (63), (63a), (64), (77), (78), (83), and the Apprentice T-Rate Table in the Standard Apprentice Plan, Section 8 of the Contract

	<p>Settlement Agreement of the IUE-CWA-Delphi National Agreement and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <ul style="list-style-type: none"> • All payroll drafts and EFT's will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Paragraphs (65d), (65f), (65g), (65h), (65i), (65k), (65l), Document 11 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<p>The overtime provisions of the IUE-CWA-Delphi Agreements shall be modified as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (48), (49), (51)(a), (51)(b), (52)(a), (52)(b), (52)(c), (53), (54), (54)(1), (54)(2), (54)(3), (54)(4), (54)(5), (54)(6), (102c), Document 1 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. <p>The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the IUE-CWA-Delphi Agreements or Local Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted.</p> <p>All voluntary overtime provisions of the IUE-CWA-Delphi Agreements shall be eliminated.</p>

Shift Premiums	<p>All existing shift premiums under the IUE-CWA-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1" data-bbox="550 359 1266 680"> <tr> <th>Schedule Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </table> <p>Paragraph (56) and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>	Schedule Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Schedule Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the IUE-CWA-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the IUE-CWA shall mutually agree on what the ten paid holidays will be.</p> <p>Paragraphs (102), (102e), (102f), (102f)(1), (102f)(2), (102f)(3), (102)(4), (102h), (102i) Document 46 and Document 66 of the IUE-CWA-Delphi National Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements will be eliminated.</p>						
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (101u), (101u)(1), (101u)(2), (101u)(3), (101u)(3)(a), (101u)(3)(b), (101u)(3)(c), (101u)(4), (101u)(5)(a), (101u)(5)(b),</p>						

	(101u)(5)(c) of the IUE-CWA Delphi National Agreement will be deleted and all other references to Independence Week in the IUE-CWA-Delphi Agreements will be eliminated.																
Vacation Accrual	<p>Paragraph (101g) of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IUE-CWA-Delphi Agreements will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p> <table border="1"> <thead> <tr> <th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr> </thead> <tbody> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </tbody> </table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology, and ○ Benefits Training and Education. <p>All local agreements that concern any profit sharing benefits, plans, options or practices shall be eliminated.</p>																

Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and all local agreements that concern any health care benefits, plans, options or practices shall be modified or eliminated to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • Item 13 of the Contract Settlement Agreement shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following : <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Utilization Review and Cost Containment; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs)
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	<p>and Alternative Dental and Vision Options; and</p> <ul style="list-style-type: none"> ▪ Health Care - HMO ○ Letters of Agreement Regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; ▪ Traditional Care Network; ▪ Rolling Enrollment and Assignment of Options. • Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.
Life and Disability	Applicable terms and conditions of Supplemental Agreement, Exhibit B and all local agreements that concern any Life & Disability benefits, payments or practices shall be modified or eliminated to:

	<ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available directly from the Insurance Program, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
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Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 63 of the IUE-CWA-Delphi National Agreement, and all related provisions of the existing agreements, National and/or Local, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Document 7 of the IUE-CWA-Delphi National Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.</p>
Elimination of Protected Status (JOBS Bank)	<p>Appendix D, Documents 4 and 65 of the IUE-CWA -Delphi National Agreement and all related provisions of the existing agreements shall be eliminated, including but not limited to the following:</p> <ul style="list-style-type: none"> • The unpublished Excerpt from the Minutes dated November 15, 2003 concerning development of a viable business represented by IUE-CWA Local 1111; • The Letter dated July 15, 1996 from J. T. Reynolds to W. Thorpe, D. Owens, D. Campbell and C. Collins, regarding maintenance of a minimum active employment level of 1,500 until 2011 at the Delphi AHG – Moraine plant, and Delphi-IUE-CWA Umpire Decision Z-1 affirming this obligation; and • The Memorandum of Understanding dated September 28, 2002 between Delphi AHG-Kettering and IUE-CWA Local 755 regarding Project Vortex, employment targets and commitments regarding closure or sale of the Delphi AHG Kettering plant. <p>The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank) or who are otherwise in excess of operational requirements.</p>

Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the National or Local Agreements that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices under Document 80 of the IUE-CWA-Delphi National Agreement.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, National and/or Local, that restrict this right, shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Appendix F, Documents 6, 82, and 84 of the IUE-CWA-Delphi National Agreement and all other related provisions of the existing Local and National Agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraph (70), Appendix B, and Document 79 of the IUE-CWA-Delphi National Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be eliminated.</p>

	<p>Paragraphs (86c), (86d) and Appendix A of the IUE-CWA-Delphi National Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
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Supplemental Unemployment Benefits	The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D, shall be eliminated. Any local agreements concerning Income Security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E shall be eliminated.
Temporary Employees	Appendix E, IX will be modified as follows: The Corporation, at its discretion, may hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Document 13 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any agreements, national and/or local, that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Company-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IUE-CWA Representation and Support	
JAC Funding and Joint Fund Accruals	<p>Item 16 (Contract Settlement Agreement) of the IUE-CWA-Delphi National Agreement will be deleted. The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation.</p> <p>Documents 21, 25, 33, 55, 57, 60, 62, 73 and 74 of the IUE-CWA-Delphi National Agreement, Memorandum of Understanding- IUE-CWA Automotive Conference Board – Joint Programs dated January 4, 2005, and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. Document 56 of the IUE-CWA-Delphi National Agreement – Child and Elder Care referral services, the Homework Hotline, and any subsidy for any child care center usage will also terminated.</p>
Legal Services	<p>The Supplemental Agreement Covering IUE-CWA-Delphi Legal Services Plan, Exhibit I, of the IUE-CWA-Delphi National Agreement, shall be eliminated.</p>
Quality Network	<p>Document 20 of the IUE-CWA-Delphi National Agreement and all other references to Quality Network in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.</p>
Union Representation	<p>The union representation provisions of the IUE-CWA-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of Union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health &

	<p>safety, special skilled trades, etc.) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50.</p> <ul style="list-style-type: none"> • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committeemen, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (8), (10), (20), (20)(2), Sections III, VI(a), and VI(b) of Document 2, and Document 43 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. <p>Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.</p>
Neutrality Letter	The neutrality letter shall be eliminated.
No-Strike Provisions	<p>No strikes, work stoppages or slowdowns shall be permitted during the term of the IUE-CWA-Delphi Agreements as modified by this Term Sheet.</p> <p>Paragraphs (98), (99), and (100) of the IUE-CWA-Delphi National Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Personal Savings Plan	Applicable terms and conditions of Supplemental Agreement – Personal Savings Plan, Exhibit G, shall continue to apply except that all local agreements that concern any defined contribution plans or practices shall be eliminated.

	<p>In addition, all Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Improving Benefit Services Through Technology, and • Benefits Training and Education <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A, and all local agreements that concern any pension and defined contribution plans, benefits, payments or practices shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) effective January 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a new defined contribution benefit for future accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education;

	<ul style="list-style-type: none"> • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits OPEB	
Health Care- Active Employees and Retirees)	Applicable terms and conditions of Supplemental Agreement, Covering Health Care Program, Exhibit C and all local agreements that concern any post-employment health care benefits, plans, options or practices shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement, Covering life and Disability Benefits Program, Exhibit B and all local agreements that concern any post-employment life insurance benefits, plans, options or practices shall be modified to eliminate all employer-paid life insurance, including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance, in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.

Retiree Life Insurance (Retirees)	All life insurance coverage including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	<p>The IUE-CWA- National Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the IUE-CWA local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the national parties, any provisions of the Local Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such Local Agreements shall be deemed withdrawn as moot.</p> <p>A non-exclusive list of agreements that will be eliminated is attached as Appendix C.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, the Local Agreements will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and IUE-CWA Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to National Party approval. • Alternative Work Schedules <p>The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week.</p> <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew <ul style="list-style-type: none"> • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IUE-CWA-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with the National Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IUE-CWA-Delphi Agreement that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IUE-CWA-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUE-CWA-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the IUE-CWA Automotive Conference Board Chairman and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUE-CWA-Delphi National Agreement.</p>
Complete Agreement and Waiver	The Corporation and the IUE-CWA acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUE-CWA agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUE-CWA as to all modifications to the existing UAW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.

Executed ____ day of _____. 2005.

FOR THE INTERNATIONAL UNION
OF ELECTRONIC, ELECTRICAL,
SALARIED, MACHINE AND
FURNITURE WORKERS-
COMMUNICATIONS WORKERS OF
AMERICA

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There are two (2) production wage rates and one (1) skilled wage rate. The Corresponding classification groupings in each category shall be provided to the IUE-CWA in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$9.50	\$10.50	\$19.00
New Hire Rates -	\$9.00	\$9.00	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Low Production	High Production	Skilled
0 – 26	\$9.00	\$9.00	\$18.00
27 – 52	\$9.25	\$9.25	\$18.25
53 – 78	\$9.50	\$9.50	\$18.50
79 – 104		\$9.75	\$18.75
105 – 130		\$10.00	\$19.00
131 – 156		\$10.25	
157 – 182		\$10.50	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable. Employees below the new hire rate will continue in their current progression, if applicable, until such time as they reach the minimum rate, at which point they will be paid according to the above schedule.

The Apprentices Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An upgrader shall receive a rate not less than \$11.00 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160
 - Employee + Family \$240
- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

APPENDIX C - NON-EXCLUSIVE

LIST OF AGREEMENTS THAT WILL BE ELIMINATED

- The Lifetime Job and Income Security Agreement for the Clinton Operations, dated June 13, 1985 between Delphi Packard Electric Systems and IUE-CWA Local 698
- The Addendum to the Lifetime Job and Income Security Agreement and the Clinton Hiring Plan Agreement for the Clinton Operations, dated September 28, 1999 between Delphi Packard Electric Systems and IUE-CWA Local 698
- The "Lifetime Job and Income Security Agreement for the Brookhaven Operations dated October 31, 1985 between Delphi Packard Electric Systems and Local IUE-CWA Local 718
- The "Lifetime Job and Income Security Agreement for the Warren Operations" dated November 20, 1984 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The "Addendum to the 1984 Local Lifetime Job and Income Security Agreement for the Warren Operations" dated November 12, 1987 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The Memorandum of Understanding "Addendum to the 1984 and 1987 Job and Income Security Agreement for the Warren Operations" dated May 26, 1997 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The "Memorandum of Understanding (2003 Local Agreement Settlement)" dated November 25, 2003 amending the Addendum to the 1984 and 1987 Job and Income Security Agreements for the Delphi Packard Electric Systems – Warren, Ohio Operations
- The letter from Emilee A. Chahine to Donald O. Arbogast dated November 2003, related to the second week of the July shutdown
- The Letter dated July 15, 1996 from J. T. Reynolds to W. Thorpe, D. Owens, D. Campbell, and C. Collins, regarding maintenance of a minimum active employment level of 1,500 until 2011 at the Delphi AHG – Moraine plant, and Delphi-IUE-CWA Umpire Decision Z-1 affirming this obligation.
- The Memorandum of Understanding dated September 28, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding Project Vortex, employment targets and commitments regarding closure or sale of the Delphi AHG-Kettering plant

- The “Skilled Trades Memorandum of Understanding” dated September 28, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The “Memorandum of Understanding – Scheduled Hour Bonus Program” dated September 27, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The letter from Darrell R. Kidd to Dave Heizer dated September 27, 2002, concerning redistricting at the Delphi AHG – Kettering plant
- The letter from Darrell R. Kidd to Dave Heizer dated September 27, 2002, concerning application of Paragraph (20) of the Delphi – IUE-CWA National Agreement at the Delphi AHG – Kettering plant
- The Unpublished Memorandum of Understanding dated December 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding the Metrology Lab
- The Memorandum of Understanding (Unpublished) dated April 14, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 concerning overtime for Outside Truckers, and all previous memoranda and/ or agreements on this matter
- The Memorandum of Understanding – “Outside Trucking Classification (200 Class.)” dated January 28, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The Unpublished Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding committeeman pay during Conference Boards
- The Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding “Local Union Appointments”
- The Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding “Local Districting Agreement”
- The Unpublished Memorandum of Understanding – “Addendum to the 1/28/02 Representation MOU” dated January 14, 2003 between Delphi AGH – Kettering and IUE-CWA Local 755
- The undated Memorandum of Understanding between Bernard Quick and J. D. Clark regarding overtime for Ergonomics Representatives at the Delphi AHG – Kettering plant during the life of the 2002 Delphi – IUE-CWA National Agreement
- The Memorandum of Understanding dated January 8, 2003 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding clarification of items in dispute related to Skilled Trades

- The February 23, 2004 letter from Pat McDonald to Mike Palmer concerning “Union Concerns Regarding Change in Employment Status and New Work Opportunities” at the Delphi AHG – Moraine plant
- The Memorandum of Understanding – “Security and Competitive Opportunity for Employees (SCOPE)” dated February 1, 1985 between Delphi AHG – Moraine (then Harrison Division, GMC) and IUE-CWA Local 801

**PROPOSED MODIFICATIONS TO THE USW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications, pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the USW Local 87L Agreements, both as defined below, between the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers, International Union, f/k/a the United Steelworkers of America, AFL-CIO-CLC, and/or its Local Unions ("USW") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
USW Local 87L-Delphi Agreements	<p>The term "USW Local 87L-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Automotive Systems and Delphi Energy and Chassis Systems and Local Union 87, USW, dated December 8, 1999 (the "USW Local 87L-Delphi Master Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Income Security Program, Exhibit D to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Memorandum of Understanding between Delphi Corporation – Home Avenue and USW Local 87L dated January 20, 1997 (the “Delphi Home Avenue – USW Local 87L Agreement”) • The Agreement between Delphi Corporation and Thermal and Interior Systems Vandalia and USW Local 87L dated June 22, 1998 (the “Delphi Vandalia – USW Local 87L Agreement”); • Letter from Ronald M. Pirtle to Dennis Bingham dated December 17, 2004, concerning the Fix-It Plan at the Delphi T&I – Vandalia plant and the commitment to keep the site open during the balance of the agreement that expires on January 31, 2008; • Those provisions of the “Survival Plan”, effective January 3, 2005 at the Delphi T&I – Vandalia plant that conflict with the provisions of this Term Sheet; • All other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and USW Local 87L.
Effective Date	The USW Local 87L-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the “Effective Date”).
Duration	The USW Local 87L-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on January 1, 2012, subject to the modification and termination provisions of Paragraph (128) and (129) of the USW Local 87L-Delphi Master Agreement.

Wages and Related Provisions	
Base Wage Rates	<ul style="list-style-type: none"> • All base hourly wage rates under the USW Local 87L-Delphi Agreements shall be modified as set forth in Appendix A: • Paragraphs (62r)(8)(h), (62u), (62v)(2), (62v)(4), (62x)(1), (89), (90a), (90b), (91), (92), (94c), (95), (95)(1), (95)(2), (95)(3), (95)(4), (95)(5), (95)(95)(6), (95a), (96) and Document 74, Section 7 of the Contract Settlement Agreement of the USW Local 87L-Delphi Master Agreement will be deleted. All other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in national and/or local agreements, in other provisions and/or in associated documents, including all associated Supplemental Agreements, will be eliminated. • All payroll drafts and EFT's will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA). Paragraphs (94a), (94b), (94c), (94d), (94e), (94f), (94g), (94h), (94i), (94j) and Documents 47 and 48 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to COLA in national and/or local agreements, in other provisions, and/or in associated documents, including all associated Supplemental Agreements, will be eliminated.</p>
Overtime	<p>The overtime provisions of the USW Local 87L-Delphi Agreements shall be modified as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (84a), (84b), (84c), (85), (85a), (86a), (86a)(1), (86a)(2), (86a)(3), (86a)(4), (86a)(5), (86b), (101d) and Document 11 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to computing

	<p>overtime premium pay in national and/or local agreements, in other provisions, and/or in associated documents, including all associated Supplemental Agreements, will be eliminated.</p> <ul style="list-style-type: none"> • The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the USW Local 87L-Delphi Agreements or local agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the USW Local 87L-Delphi Agreements shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the USW Local 87L-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Paragraph (99) and (100) of the USW Local 87L –Delphi Master Agreement and all other references to existing shift premiums in national and/or agreements, in other provisions, and/or in associated documents, including all associated Supplemental Agreements will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the USW Local 87L-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the USW Local 87L shall mutually agree on what the ten paid holidays will be.</p> <p>Paragraphs (101), (101)(3), (101f), (101g), (101g)(1), (101g)(2), (101g)(3), (101g)(4), (101i), (101l), Documents 39, 44 and 74 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to the Christmas Holiday Period in national and/or local agreements, in other provisions, and/or in associated documents, including associated Supplemental Agreements will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (119u), (119v), (119w), (119x), (119x)(1), (119x)(2), (119x)(3), (119y), (119z), (119z)(1), (119z)(2), and (119z)(3) of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to Independence Week in other provisions and/or associated documents, including all associated Supplemental Agreements, will be eliminated.</p>
Vacation Accrual	<p>Paragraph (119g) of the USW Local 87L-Delphi Master Agreement will be deleted.</p> <p>Memorandum of Understanding Hourly Vacation Pay Plan Modification dated December 22, 2004 in the Delphi Vandalia-USW Local 87L Vandalia "Survival Plan" and all other associated provisions and/or documents will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p>

	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement
	Less than one year	40
	One but less than three years	60
	Three but less than five years	80
	Five but less than ten years	100
	Ten but less than 15 years	120
	Fifteen but less than 20 years	140
	Twenty or more years	160
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>All local agreements that concern any profit sharing benefits, plans, option or practices shall be eliminated.</p>	
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and all local agreements that concern any health care benefits, plans, options or practices shall be modified or eliminated to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. 	

	<ul style="list-style-type: none"> • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • Section I of the USW Local 87L-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, providing a Corporation-funded Flexible Spending Account shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs) and Alternative Dental and Vision Options; and ▪ Health Care – HMO. ○ Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations;
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	<ul style="list-style-type: none"> ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network. <ul style="list-style-type: none"> ○ Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B and all local agreements that concern any Life & Disability benefits, payments or practices shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • Make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B;

	<ul style="list-style-type: none"> • Reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • Provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • Limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 53 of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, that inhibit the Corporation's ability to close or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose of in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Company sells a facility or operation, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility or operation.</p>

Successorship	Document 54 of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Appendix L , Documents 55, 68,and 75 and Section 11 of the Contract Settlement Agreement of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement, under any national and/or local agreement will be canceled. All provisions of the national and/or local agreements that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, national and/or local that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Outsourcing	Appendix N and Document 72 of the USW Local 87L-Delphi Master Agreement, and all other related provisions of the existing local and national agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.

Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraph (62r)(8) and Appendix J-1 of the USW Local 87L-Delphi Master Agreement, will be eliminated. All other references restricting the Corporation's discretion in this matter in other provisions or associated documents, national and/or local, including all associated Supplemental Agreements, will be eliminated.</p> <p>Paragraphs (62y)(3), (62y)(4) and Appendix J of the USW Local 87L-Delphi Master Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, national and local, will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of</p>
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	<p>production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E, shall be eliminated.
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Temporary Employees	The Corporation may, in its sole discretion, hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absences/tardiness are tracked including leaves of absence. After reaching defined thresholds, employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • All other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.

	<ul style="list-style-type: none"> The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Program	<p>Any and all provisions of the USW Local 87L-Delphi Agreements, national and/or local, that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> Company-paid health club memberships; Discount programs subsidized by Delphi such as AOL; and Clothing allowances.
USW Representation and Support	
Joint Fund Accruals	<p>The funding provisions of the Memorandum of Understanding – Joint Activities of the USW Local 87L-Delphi Master Agreement will be deleted.</p> <ul style="list-style-type: none"> The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation. The Memorandum of Understanding – Human Resources Development and Joint Skill Development and Training Documents 15, 64, 64(A), 64(B) and 67 of the USW Local 87L-Delphi Master Agreement, and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.
Quality Network	<p>Documents 52 and 70 of the USW Local 87L-Delphi Master Agreement, and all other references to Quality Network in other provisions and/or associated documents, local and/or national, including associated Supplemental Agreements, will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.</p>

Union Representation	<p>The union representation provisions of the USW Local 87L-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health & safety, special skilled trades, etc.) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50. • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committeemen, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (8a), (15c)(1), (23a), (23aa), (23a)(1)(2)(1), Sections VI, VI(a) and VI(b) of Document 2, the representation provisions of Section N of Document 3, Document 47 and Document 65 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents, local and/or national, including all associated Supplemental Agreements, will be eliminated. • Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.
No-Strike Provisions	<p>No strikes, work stoppages or slowdowns shall be permitted during the term of the USW Local 87L-Delphi Agreements.</p> <p>Paragraphs (121) and (122) of the USW Local 87L-Delphi Master Agreement, and any other references to strikes in other provisions and/or associated documents, local and/or national, including all associated Supplemental Agreements, will be eliminated.</p>

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement, Covering Personal Savings Plan, Exhibit G, shall continue to apply except that all local agreements that concern any personal savings plans or practices shall be eliminated.</p> <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Improving Benefit Services Through Technology; and • Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A, and all local agreements that concern any pension plans, benefits, payments or practices shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective January 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p>

	<ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	Applicable terms and conditions of Supplemental Agreement, Covering Health Care Program, Exhibit C, and all local agreements that concern any post-employment health care benefits, plans, options or practices shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Health Care Program for Hourly Employees during retirement.
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement, Covering Life and Disability Benefits Program, Exhibit B, and all local agreements that concern any post-employment life insurance benefits, plans, options or practices shall be modified to eliminate all employer-paid life insurance, including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.

Retiree Life Insurance (Retirees)	All life insurance coverage including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	<p>The USW-Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and the Delphi Vandalia-USW Local 87L Agreement, as modified by this Term Sheet, shall supersede and control all local agreements between the USW local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the National Parties, any provisions of the any local agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such local agreements shall be deemed withdrawn as moot.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, the local agreements at Home Avenue and Vandalia will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet; and (2) adopt a Competitive Operating Agreement.</p> <p>Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and USW Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to Corporation approval.

	<p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week: <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All USW Local 87L-Delphi agreements that do not have an expiration date ("living agreements"), shall be amended to expire coterminously with the USW Local 87L-Delphi Master Agreement.
Miscellaneous Provisions	
Definitive Documentation	This Term Sheet is intended only to describe the basic modifications to the current USW Local 87L-Delphi Agreements and the Delphi Vandalia-USW Local 87L Agreement that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 USW Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and the Delphi Vandalia-USW Local 87L Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current USW Local 87L-Delphi Agreement, the Delphi Home Avenue – USW Local 87L Agreement or the Delphi Vandalia-USW Local 87L Agreement that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.
Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.

Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the President of USW Local 87L and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the applicable arbitration provisions contained in the USW Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and/or the Delphi Vandalia-USW Local 87L Agreement.
Complete Agreement and Waiver	<p>The Corporation and the USW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the USW Local 87L agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the USW Local 87L as to all modifications to the existing USW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>

Executed ____ day of _____, 2005.

FOR UNITED STEEL, PAPER AND
FORESTRY, RUBBER,
MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS, INTERNATIONAL UNION,
F/K/A THE UNITED STEELWORKERS
OF AMERICA, USW LOCAL 87L, AFL-
CIO-CLC

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There are two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the USW in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$9.50	\$10.50	\$19.00
New Hire Rates -	\$9.00	\$9.00	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Low Production	High Production	Skilled
0 – 26	\$9.00	\$9.00	\$18.00
27 – 52	\$9.25	\$9.25	\$18.25
53 – 78	\$9.50	\$9.50	\$18.50
79 – 104		\$9.75	\$18.75
105 – 130		\$10.00	\$19.00
131 – 156		\$10.25	
157 – 182		\$10.50	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable. Any current wage rates below the above schedule will not be affected by the Agreement. Employees below the new hire rate will continue in their current progression, if applicable, until such time as they reach the minimum rate, at which point they will be paid according to the above schedule.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

A helper shall receive a rate not less than \$11.00 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160
 - Employee + Family \$240
- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IAM-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IAM-Delphi Agreements, as defined below, between the International Association of Machinists, AFL-CIO, Tool and Die Makers Lodge 78 ("IAM") and Delphi, , and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
IAM-Delphi Agreements	<p>The term "IAM-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Electronics & Safety Milwaukee Operations Delphi Corporation and the IAM, dated December 22, 2003 (the "IAM-Delphi Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003;

	<ul style="list-style-type: none"> The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IAM.</p>
Effective Date	The IAM-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date").
Duration	The IAM-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17, 2012, subject to the modification and termination provisions of Paragraph (91) of the IAM-Delphi National Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IAM-Delphi Agreements shall be modified as set forth in Appendix A:</p> <ul style="list-style-type: none"> Paragraphs (79), (79)(a), (79)(b), and Wage Agreement dated December 22, 2003 and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. All payroll drafts will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Paragraphs (80), (80)(a), (80)(b), (80)(d), (80)(e), (80)(f), (80)(g), (80)(h), (80)(i), and the Policy Letter on COLA Calculation will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<p>The overtime provisions of the IAM-Delphi Agreements shall be modified as follows:</p> <ul style="list-style-type: none"> All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked.

	<ul style="list-style-type: none"> • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (57), (58), (58)(a), (58)(a)(1), (58)(a)(2), (58)(a)(3), (58)(b), (58)(b)(1), (58)(b)(2), (58)(b)(3), and (58)(c) will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Company. Any and all provisions of the IAM-Delphi Agreements or that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the IAM-Delphi Agreements shall be eliminated. • The following Statements of Policy submitted to the IAM, Equalization of Overtime Hours, Supplementary Overtime, Overtime Scheduling, and, Overtime Work Opportunities for Apprentices will be deleted, and all other references to night shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the IAM-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

	<p>Paragraph (58)(d)(1), (58)(e) of the IAM-Delphi Agreements, and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the IAM-Delphi Agreements will be reduced to ten (10) days per year. Delphi will advise the IAM as to the dates of the ten paid holidays</p> <p>Paragraphs (72), (72)(a), (72)(b), (72)(c), (72)(d), (72)(e), (72)(f), (73), (74), (74)(a), (74)(b), (74)(c), (74)(d), (75), (78) and the Policy Letter on Working on a Holiday/Vacation Entitlement Conversion Option of the IAM-Delphi Agreements will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (71)(h), (71)(i), (71)(j)(1), (71)(j)(2), (71)(j)(3), (71)(k), (71)(l), (71)(l)(1), (71)(l)(2) and (71)(l)(3) of the IAM-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Vacation Accrual	<p>Paragraph (70), (70)(a), (70)(b), (70)(b)(1), (70)(b)(2) and (70)(b)(3) of the IAM-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IAM-Delphi Agreements will be eliminated, modified to reflect the following vacation accrual schedule:</p>

	<p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p> <table border="1"> <tr> <th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement																
Less than one year	40																
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Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Only "U.S. Operations" as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. 																

<p>Health Care</p>	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven 7 months of continuation following the month the employee is last in active service. • Article V concerning the Special benefit will be eliminated. <p>All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described Appendix B. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ○ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment;; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options; ○ Health Care - HMO; and ○ Vision Network.
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	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement Covering Life and Disability, Exhibit B-1, shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates;

	<ul style="list-style-type: none"> • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>The Plant Closing and Sale Moratorium provisions of the IAM-Delphi Agreement, and all related provisions of the existing agreements that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated. In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>

Successorship	The Sale of Operation Letter of the IAM – Delphi Agreement, and all related provisions of the existing a IAM-Delphi Agreements that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements and/or recognize the IAM, shall be eliminated.
Elimination of Protected Status (JOBS Bank)	The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements that would impose ongoing or future hiring commitments or obligations will be eliminated.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the union to discuss the use of contract service personnel</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred up to a maximum of \$10,000.
Outsourcing	All related provisions of the existing IAM-Delphi agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.

<p>Indirect Employees</p>	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Apprentice Agreement Section IV, the Letters Subcontracting Discussions and Subcontracting of the IAM-Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>The IAM-Delphi Agreements and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.</p>
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Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • The Memorandum of Understanding – The Attendance Procedure and Statement of Policy submitted to the IAM, compliance with the FMLA of 1993 of the IAM-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any provisions of the IAM-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Company-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IAM Representation and Support	
Funding and Joint Fund Accruals	<p>Any and all funding provisions in the IAM-Delphi Agreements are eliminated.</p> <p>Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.</p>
Union Representation	<ul style="list-style-type: none"> • Representatives with no Grievance Procedure responsibilities (i.e. joint activities only) will not work overtime for representation purposes, but will be eligible equalize overtime within their respective equalization groups. • The Union may designate one (1) Union representative per shift. The day shift representative shall function as Chairperson. No representative shall be permitted to function more than two (2) hours per day averaged over the normal work week (Monday Through Friday).
No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages or slowdowns shall be permitted during the term of the IAM-Delphi Agreements as modified by this Term Sheet. • Paragraphs (81), (82), and (83) of the IAM-Delphi Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January 1, 2006. • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate.

	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Pension Plan	<p>The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.</p>
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Health Care Program for Hourly Employees during retirement.</p>
Retiree Life Insurance– (Active Employees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.</p>

Retiree Life Insurance— (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	The IAM-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the IAM local units and Delphi or any of its divisions. Any provisions of the Local Agreements which are inconsistent with this Term Sheet shall have no force and effect following execution of the Term Sheet.
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, Agreements at the plant covered by the IAM-Delphi Agreement will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> ○ Number of classifications, and efficient use of both production and skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launches; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and IAM Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to National Party approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IAM-Delphi Agreements, including living agreements, shall expire coterminously with this Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IAM-Delphi Agreement that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IAM-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IAM-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IAM Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IAM-Delphi Agreement.
Complete Agreement and Waiver	The Corporation and the IAM acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IAM agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this

	Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IAM as to all modifications to the existing IAM-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.
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Executed ____ day of _____, 2005.

FOR INTERNATIONAL ASSOCIATION
OF MACHINISTS, AFL-CIO, TOOL
AND DIE MAKERS

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A –WAGES

There is one (1) skilled wage rate. Corresponding classification groupings are set forth in Attachment X.

Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$19.00
New Hire Rates -	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Skilled
0 – 26	\$18.00
27 – 52	\$18.25
53 – 78	\$18.50
79 – 104	\$18.75
105 – 130	\$19.00

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply
 - Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85

- Employee + Spouse: \$170
- Employee + Child(ren): \$160
- Employee + Family \$240

- Other affordable health plan designs may be offered in the future.

- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IBEW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IBEW-Delphi Agreements, as defined below, between the International Brotherhood of Electrical Workers, including its Local Union 663 ("IBEW") and Delphi Energy & Chassis Division – Milwaukee Operations, and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi's existing retirees, surviving spouses, and dependents (collectively "Retirees").

General Provisions	
IBEW-Delphi Agreements	<p>The term "IBEW-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi E & C Milwaukee Operations Delphi Corporation and the IBEW, dated March 31, 2004 (the "IBEW-Delphi E & C Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IBEW. This does not include Local Agreements negotiated between Local Unions and Local Managements, except for those portions of such Local Agreements which involve subjects referenced herein, which portions are superseded by the terms of this Agreement.</p>
Effective Date	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date").
Duration	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17, 2012, subject to the modification and termination provisions of Paragraph (78) of the IBEW-Delphi National Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IBEW-Delphi Agreements shall be modified as set forth in Appendix A:</p> <p>Paragraph 64, the Wage Agreement, Paragraphs 9 and 13 of the Apprentice Agreement, and Supplement G of the IBEW-Delphi Agreement, and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>All payroll drafts and EFT's will be dated on Friday.</p>
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Paragraphs (65)(a), (65)(b), (65)(c), (65)(d), (65)(e), (65)(f), (65)(g), (65)(h) and Document 3 of the IBEW-Delphi Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Overtime	<ul style="list-style-type: none"> • The overtime provisions of the IBEW-Delphi Agreement shall be modified as follows. All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (41), (42), (43), (43)(a)(1), (43)(a)(2), (43)(a)(3), (43)(b)(1), (43)(b)(2), (43)(b)(3), (43)(c) and Document 2 of the IBEW-Delphi Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IBEW-Delphi Agreement that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions such as General Local Demand #8 and Paragraphs (57)(f) and (57)(g) of the IBEW-Delphi Agreement shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the IBEW-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1" data-bbox="581 1314 1176 1640"> <thead> <tr> <th data-bbox="581 1314 917 1423">Scheduled Shift Starting Time</th><th data-bbox="917 1314 1176 1423">Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td data-bbox="581 1423 917 1530">(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td data-bbox="917 1423 1176 1530">Five percent</td></tr> <tr> <td data-bbox="581 1530 917 1640">(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td data-bbox="917 1530 1176 1640">None</td></tr> </tbody> </table>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

	Paragraph (43)(d) of the IBEW-Delphi Agreement and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.
Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays will be reduced to ten (10) days per year. Delphi will advise the IBEW as to the dates of the ten paid holidays.</p> <p>Paragraphs (57), (57)(a), (57)(b), (57)(c), (57)(d), (57)(e), and (57)(f) of the IBEW-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (56)(n), (56)(o), (56)(p), (56)(p)(1), (56)(p)(2), (56)(p)(3), (56)(p)(4), (56)(q), (56)(r)(1), (56)(r)(2), and (56)(r)(3) of the IBEW-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Vacation Accrual	<p>Paragraph (56)(c) of the IBEW-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated Supplemental Agreements will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p>

	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement
	Less than one year	40
	One but less than three years	60
	Three but less than five years	80
	Five but less than ten years	100
	Ten but less than 15 years	120
	Fifteen but less than 20 years	140
	Twenty or more years	160
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 shall continue to apply.</p> <ul style="list-style-type: none"> • Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. 	

Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care option generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ○ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment;; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options ○ Health Care - HMO
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	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ Vision Network; ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
Life and Disability	<p>Applicable terms and conditions of Exhibit B-1 shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B;

	<ul style="list-style-type: none"> • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Any provisions of the IBEW-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form of any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells this facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>

Successorship	Any provision of the IBEW-Delphi Agreement and all related provisions of the existing agreements, that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Supplement J and Management's Answer(s) to Local Demand 24 and 25 of the IBEW-Delphi Agreement and all related provisions of the existing agreements shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement generated as a result of any provision of the IBEW-Delphi Agreements will be canceled. All provisions of the Agreements that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee. Supplements E and F of the IBEW-Delphi Agreement are eliminated.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Any provisions of the IBEW-Delphi Agreement and all other related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.

Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraphs (31)(a) and (31)(b) of the IBEW-Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplements will be eliminated.</p> <p>Supplement H of the IBEW-Delphi Agreement and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit. As such, Management's answer to Local Demand #12 is eliminated.</p> <p>Indirect activities which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.</p>
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Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, to the IBEW-Delphi Agreement shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Supplement I of the IBEW-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any agreements that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IBEW Representation and Support	
Funding and Fund Accruals	Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.
Union Representation	The Union may designate one (1) Union representative per shift. The day shift representative shall be the designated Chairperson. No representative shall function for representation purposes of any kind for more than two (2) hours per day, Monday through Friday, averaged over the week.
No-Strike Provisions	<p>No strikes, work stoppages or slowdowns shall be permitted during the term of the IBEW-Delphi Agreements as modified by this Term Sheet.</p> <p>Paragraphs (67) and (68) of the IBEW-Delphi Agreement and other references to strikes in other provisions and/or associated documents will be eliminated.</p>
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.

	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • As of the freeze date, no new participants will be allowed to join the HRP; • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p>

	<ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits OPEB	
Health Care (Active Employees and Retirees)	Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.
Retiree Life Insurance – (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance – (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.

Other Agreements	
Effect on Other Agreements	<p>The IBEW-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Agreements between the IBEW Local 663 and Delphi Corporation Energy and Chassis Division, Milwaukee Operations.</p> <p>Upon execution of this Term Sheet, any provisions of the Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, following execution of the Term Sheet.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, Local Agreements at the Delphi E&C – Milwaukee Operations plant covered by the IBEW-Delphi Agreement will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> ○ Efficient use of skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launched; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and the IBEW Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All IBEW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IBEW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IBEW-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IBEW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Dispute between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IBEW President/Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IBEW-Delphi Agreement.
Complete Agreement and Waiver	The Corporation and the IBEW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IBEW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or

	signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IBEW as to all modifications to the existing IBEW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.
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Executed ____ day of _____, 2005.

FOR INTERNATIONAL
BROTHERHOOD OF ELECTRICAL
WORKERS, LOCAL 663

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There is one (1) skilled wage rate. Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$19.00
New Hire Rates -	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Skilled
0 – 26	\$18.00
27 – 52	\$18.25
53 – 78	\$18.50
79 – 104	\$18.75
105 – 130	\$19.00

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 1040 Hours	\$10.75
2 nd 1040 Hours	\$11.00
3 rd 1040 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 1040 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 1040 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 1040 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 1040 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 1040 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply
 - Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160

- Employee + Family \$240
 - Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IBEW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IBEW-Delphi Agreements, as defined below, between the International Brotherhood of Electrical Workers, AFL-CIO, Local Union 663 ("IBEW") and Delphi Corporation Electronics & Safety Division – Milwaukee Operations, and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses, and dependents (collectively "Retirees").

General Provisions	
IBEW-Delphi Agreements	<p>The term "IBEW-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement between Delphi Corporation E & S Milwaukee Operations, and the IBEW dated March 11, 2004 (the IBEW-Delphi Agreement); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1, to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004;

	<ul style="list-style-type: none"> The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; <p>All other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IBEW.</p>
Effective Date	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date").
Duration	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17, 2012, subject to the modification and termination provisions of Paragraph (80) of the IBEW-Delphi Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IBEW-Delphi Agreements shall be modified as set forth in Appendix A:</p> <p>Paragraphs (23), (47), (67), (67b) and the Wage Agreement dated March 11, 2004 of the IBEW-Delphi Agreement, and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>All payroll drafts and EFT's will be dated on Friday.</p>
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Paragraphs (68)(a), (68)(b), (68)(c), (68)(d), (68)(d), (68)(e), (68)(f), (68)(g), (68)(h), (68)(i), and the Letter dated March 11, 2004 on COLA Calculation of the IBEW-Delphi Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<ul style="list-style-type: none"> The overtime provisions of the IBEW-Delphi Agreements shall be modified as follows: All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. Overtime shall be payable only after the employee has

	<p>worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement.</p> <ul style="list-style-type: none"> Paragraphs (44), (45), (46)(a)(1), (46)(a)(2), (46)(a)(3), (46)(b)(1), (46)(b)(2), (46)(b)(3), (46)(c)(1), (46)(d)(1), and (46)(e)(1) of the IBEW-Delphi Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents will be eliminated. The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IBEW-Delphi Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. All voluntary overtime provisions such as such as Statements of Policy and Demand Settlements on Supplementary Overtime of the IBEW-Delphi Agreement shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Paragraph (46)(d) of the IBEW-Delphi Agreement and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays will be reduced to ten (10) days per year. Delphi will advise the IBEW as to the dates of the ten paid holidays.</p> <p>Paragraphs (60), (60)(a), (60)(b), (60)(c), (60)(d), (60)(e), (60)(f), (61), (62), and (66) of the IBEW-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (58)(n), (58)(o), (58)(p), (58)(p)(1), (58)(p)(2), (58)(p)(3), (58)(q), (58)(r)(1), (58)(r)(2), (58)(r)(3), Statement of Policy and Demand Answers on Independence Week Shutdown of the IBEW-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents will be eliminated.</p>
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts. The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> Improving Benefit Services Through Technology; and Benefits Training and Education.

<p>Health Care</p>	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care option generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit -1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. <p>All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ○ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options ○ Health Care – HMO
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	<ul style="list-style-type: none"> ○ Community Initiatives; ○ Vision Network; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
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<p>Life and Disability</p>	<p>Applicable terms and conditions of Supplemental Agreement Exhibit B-1 shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
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Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>The plant Closing and Sale Moratorium of the IBEW-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form of any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells this facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Sale of Business Letter of the IBEW-Delphi Agreement and all related provisions of the existing agreements, that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements shall be eliminated.</p>
Elimination of Protected Status (JOBS Bank)	<p>Memorandum of Understanding – Employment Security of the IBEW-Delphi Agreement and all related provisions of the existing agreements shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).</p>
Hiring Requirements	<p>All hiring requirements accrued as of the Effective Date of this agreement generated as a result of any provision of the IBEW-Delphi Agreements will be canceled. All provisions of the Agreement that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.</p>
Need to Run Employment Levels	<p>The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements that restrict this right shall be eliminated.</p>
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee. The Statement of Policy and Demand Settlements consideration given to IBEW-Delphi employees are eliminated.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>

Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi Plant to a Delphi Plant may be eligible for a Relocation Allowance based on actual expenses incurred up to a maximum of \$10,000.
Outsourcing	Any provisions of the IBEW-Delphi Agreement and all other related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraph (35) and Apprentice Agreement IV of the IBEW-Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents will be eliminated.</p> <p>Statements of Policy and Demand Settlements covering Subcontracting of the IBEW-Delphi Agreement and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • HVAC installation and repair;

	<ul style="list-style-type: none"> • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.</p>
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, to the IBEW-Delphi Agreement shall be eliminated.
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated.

	<ul style="list-style-type: none"> • Memorandum of Understanding Special Procedure for Attendance and Statement of Policy and Demand settlements covering compliance with the FMLA of 1993 of the IBEW-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any and all provisions of the IBEW-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IBEW Representation and Support	
Funding and Joint Fund Accruals	<ul style="list-style-type: none"> • Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.
Union Representation	<ul style="list-style-type: none"> • The Union may designate one (1) Union representative per shift. The day shift representative shall function as Chairperson. No representative shall be permitted to function more than two (2) hours per day averaged over the normal work week (Monday Through Friday).
No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages or slowdowns shall be permitted during the term of the IBEW-Delphi Agreements as modified by this Term Sheet. • Paragraphs (70) and (71) of the IBEW-Delphi Agreement and other references to strikes in other provisions and/or associated documents will be eliminated.

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate.

	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Pension Plan	<p>The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.</p>
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p>
Retiree Life Insurance– (Active Employees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.</p>

Retiree Life Insurance— (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	<p>The IBEW-Delphi Agreement, as modified by this Term Sheet, shall supersede and control all Agreements between the IBEW Local 663 and Delphi Corporation Electronics & Safety Division, Milwaukee Operations.</p> <p>Upon execution of this Term Sheet, any provisions of the IBEW-Delphi Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, following execution of the Term Sheet.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, Agreements at the Delphi E&S – Milwaukee Operations plant covered by the IBEW-Delphi Agreement will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications and an efficient use of skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and the IBEW Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All IBEW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Legal and Contractual Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IBEW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IBEW-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IBEW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Dispute between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IBEW President/Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IBEW-Delphi Agreement.
Complete Agreement and Waiver	The Corporation and the IBEW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IBEW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated

	<p>or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IBEW as to all modifications to the existing IBEW - Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 2005.

FOR INTERNATIONAL
BROTHERHOOD OF ELECTRICAL
WORKERS, LOCAL 663

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There is one (1) skilled wage rate. Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$19.00
New Hire Rates -	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Skilled
0 – 26	\$18.00
27 – 52	\$18.25
53 – 78	\$18.50
79 – 104	\$18.75
105 – 130	\$19.00

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160
 - Employee + Family \$240
- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IUOE-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IUOE-Delphi Agreements, as defined below, between the International Union of Operating Engineers, and its Local 18-S ("IUOE") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
IUOE-Delphi Agreements	<p>The term "IUOE-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation Columbus Operations and the IUOE, dated October 1, 2003 (the "IUOE-Delphi Columbus Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1 to Agreement between Delphi Corporation IUOE dated October 1, 2003; • The Supplemental Agreement Covering Life and Disability Program Exhibit B-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Health Care Program Exhibit C-1, to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Income Security Plan Exhibit D-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program Exhibit E-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Profit Sharing Plan Exhibit F-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003;

	<ul style="list-style-type: none"> The Supplemental Agreement Covering Personal Savings Plan Exhibit G-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; and <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUOE.</p>
Effective Date	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date").
Duration	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17, 2012 subject to the modification and termination provisions of Article 28 of the IUOE-Delphi Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IUOE-Delphi Agreements shall be modified as set forth in Appendix A:</p> <ul style="list-style-type: none"> Articles 16, 17, 34 and 35 and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. All payroll drafts and EFT's will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Article 18 will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<p>The overtime provisions of the IUOE-Delphi Agreement shall be modified as follows:</p> <ul style="list-style-type: none"> All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement.

	<ul style="list-style-type: none"> Articles 10, 11, 12, 13, and 14 will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IUOE-Delphi Agreement that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. All voluntary overtime provisions of the IUOE-Delphi Agreement shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the IUOE-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Article 15 of the IUOE-Delphi Agreements and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the IUOE-Delphi Agreements will be reduced to ten (10) days per year. Delphi will advise the IUOE as to the dates of the ten paid holidays.</p> <p>Article 23 of the IUOE-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements will be eliminated.</p>						

Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Article 23 of the IUOE-Delphi Agreements will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>																
Vacation Accrual	<p>Article 22 of the IUOE-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IUOE-Delphi Agreements will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p> <table border="1" data-bbox="545 1066 1287 1724"> <thead> <tr> <th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr> </thead> <tbody> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </tbody> </table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement																
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Twenty or more years	160																

Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Only "U.S. Operations" as defined under 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts. • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted:

	<ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ○ Dental Coverage; ○ Vision Coverage; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options , and ○ Health Care - HMO
	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ Vision Network; ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. • Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.

Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B-1 shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology, • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter.
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	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Article 40, Letter regarding Plant Closing and Sale Moratorium of the IUOE-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	Article 40 of the Letter regarding Sale of Business, and all related provisions of the existing IUOE-Delphi Agreements that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Attachment A, Memorandum of Understanding Employment Security of the IUOE-Delphi Agreement and all related provisions of the existing IUOE-Delphi Agreements shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements that would impose ongoing or future hiring commitments or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer to discuss the use of contract service personnel.</p>

Relocation Allowance	<p>On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.</p> <p>Article 29, Moving Allowance, shall be eliminated. Article 30 Relocation Allowance Amount, shall be eliminated.</p>
Outsourcing	<p>All related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.</p>
Severance Pay	<p>The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.</p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Any and all agreements and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>Subcontracting provisions in the IUOE-Delphi Agreements and all other provisions and/or associated documents and all associated Supplemental Agreements will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Building and facilities maintenance; • Carpentry and painting; • HVAC installation and repair; and • Construction and rearrangement of facilities.

	<p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Janitorial services
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits Program	The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated.

	<ul style="list-style-type: none"> • All attendance programs and enhancements to FMLA Legislation of the IUOE-Delphi Agreements will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any and all provisions of the IUOE-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IUOE Representation and Support	
Funding and Joint Fund Accruals	<p>The following items contained in Article 40 will be eliminated:</p> <ul style="list-style-type: none"> • Memorandum of Understanding Tuition Assistance Plan and related letter; • Memorandum of Understanding Employee Assistance Program and Work/Family; • Letter regarding Retiree Tuition Assistance Plan; • Letter regarding Scholarship Plan for Dependent Children; and • Unpublished Letter regarding Tuition Assistance Plan W-2 Forms. <p>Articles 37, 38, and 39 will be deleted and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Union Representation	<ul style="list-style-type: none"> • The Union may designate one (1) Union representative. This representative will function as chairperson. • Union representative will function only when required but not to exceed two (2) hours per day Monday through Friday. When an employee functions in a union representative capacity, proper notification to Management will be required.
No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages or slowdowns permitted during the term of the IUOE-Delphi Agreements. • Article 21 of the IUOE-Delphi Agreement and other references to strikes in other provisions and/or associated Supplemental Agreements will be eliminated.
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> • Improving Benefit Services Through Technology; and • Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective January 1, 2006

	<ul style="list-style-type: none"> • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
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Potential Termination of Hourly Rate Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	Applicable terms and conditions of Supplemental Agreement, Exhibit C-1 shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Program, Exhibit B-1 shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	<p>The IUOE-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Agreements between the IUOE Local 18-S and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the parties, any provisions of the IUOE-Delphi Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated.</p>
Competitive Operating Agreements	Within 90 days following ratification of this Term Sheet the Agreements at the plant covered by the Delphi-IUOE Agreement will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt Competitive Operating Agreement.

	<p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and IUOE may agree to other changes that are justified by local competitive conditions or necessary to make operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to National Parties approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IUOE-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.</p>

Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IUOE-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IUOE-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUOE-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>
Right to Refile 1113 and 1114 Motions	<p>In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
Dispute Resolution	<p>Disputes between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IUOE and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUOE-Delphi Agreement.</p>

Complete Agreement and Waiver	<p>The Corporation and the IUOE acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUOE agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUOE as to all modifications to the existing IUOE-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 2005.

FOR INTERNATIONAL UNION OF
OPERATING ENGINEERS

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A – WAGES

There is one (1) skilled wage rate. Corresponding classification groupings are set forth in a separate document.

Employees will receive the following rates of pay:

	Skilled
Base Rate -	\$19.00
New Hire Rate	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Skilled
0 – 26	\$18.00
27 – 52	\$18.25
53 – 78	\$18.50
79 – 104	\$18.75
105 – 130	\$19.00

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An employee-in-training (E.I.T.) shall receive a rate not less than \$11.00 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- **Medical and Prescription Drugs**
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - **Medical Cost Sharing**
 - **In-Network**
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - **Out-of-Network**
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - **Prescription Drug Cost Sharing**
 - **Retail:** \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - **Mail:** \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply
 - **Monthly Contributions for Medical/Prescription Drug Coverage**

▪ Employee:	\$ 85
▪ Employee + Spouse:	\$170
▪ Employee + Child(ren):	\$160
▪ Employee + Family	\$240

- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IUOE-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code to the IUOE-Delphi Agreements, as defined below, between the International Union of Operating Engineers, ("IUOE") and Delphi, , and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses (collectively "Retirees").

General Provisions	
IUOE-Delphi Agreements	<p>The term "IUOE-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi E & C Rochester Operations and the IUOE, dated March 24, 2004 (the "IUOE-Delphi Rochester Agreement"); • The Supplemental Agreement covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Life and Disability Benefits Program, Exhibit B-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Health Care Program, Exhibit C-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Income Security Plan, Exhibit D-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Guaranteed Income Stream Program, Exhibit E-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Profit Sharing Program, Exhibit F-1, between Delphi Corporation and IUOE dated March 24, 2004;

	<ul style="list-style-type: none"> • The Supplemental Agreement covering Personal Savings Plan, Exhibit G-1, between Delphi Corporation and IUOE dated March 24, 2004; • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUOE.
Effective Date	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall become effective on January 1, 2006 (the "Effective Date")
Duration	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17, 2012, subject to the modification and termination provisions of Paragraph (106) of the IUOE-Delphi Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IUOE-Delphi Agreements shall be modified as set forth in Appendix A:</p> <ul style="list-style-type: none"> • The Wage Agreement in its entirety and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • All payroll drafts and EFT's will be dated on Friday.
COLA	<p>There will be no Cost of Living Allowance (COLA).</p> <p>Paragraphs (95)(a), (95)(b), (95)(c), (95)(d), (95)(e), (95)(f), (95)(g), (95)(h), (95)(i), and (95)(j) of the IUOE-Delphi Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Overtime	<p>The overtime provisions of the IUOE-Delphi Agreement shall be modified as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked.

	<ul style="list-style-type: none"> Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. Paragraphs (52), (53), (54), (55)(a), (55)(b), (55)(b), (55)(c), (56)(a), (56)(b), (56)(c), (57), (58), (58)(1), (58)(2), (58)(3), (58)(4), (58)(5), (58)(6) AND Appendix C will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IUOE-Delphi Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. All voluntary overtime provisions of the IUOE-Delphi Agreement shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the IUOE-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate, according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Scheduled Shift Starting Time</th><th>Amount of Regular Shift Premium</th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Paragraph (58)(6)(b) and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date, the number of Corporation-paid holidays under the IUOE-Delphi Agreement will be reduced to ten (10) days per year. Delphi will advise the IUOE as to the dates of the ten paid holidays.</p> <p>Paragraphs (84), (84)(a), (84)(b), (84)(c), (88), (89), (89)(a), (89)(b), (89)(c), (91), (93), and (94) of the IUOE-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Appendix F of the IUOE-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Vacation Accrual	<p>Paragraphs (69), (70), (70a), (70)(a)(1), and (70)(a)(2) of the IUOE-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated Supplemental Agreements will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January 1, 2006, vacation accrual rates shall be as follows:</p>

	<table><tr><th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr><tr><td>Less than one year</td><td>40</td></tr><tr><td>One but less than three years</td><td>60</td></tr><tr><td>Three but less than five years</td><td>80</td></tr><tr><td>Five but less than ten years</td><td>100</td></tr><tr><td>Ten but less than 15 years</td><td>120</td></tr><tr><td>Fifteen but less than 20 years</td><td>140</td></tr><tr><td>Twenty or more years</td><td>160</td></tr></table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement																
Less than one year	40																
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Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none">• Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.• The following Letter Agreements shall be eliminated:<ul style="list-style-type: none">○ Improving Benefit Services Through Technology; and○ Benefits Training and Education.																
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B.</p> <ul style="list-style-type: none">• Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B.																

- Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service.
- Article V concerning the Special Benefit will be eliminated.
- All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted:
 - Statement of Intent (Representation).
 - Understandings with respect to the following:
 - Dental Coverage;
 - Vision Coverage;
 - Utilization Review and Cost Containment;
 - Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options;
 - Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options, and
 - Health Care – HMO
 - Letters of Agreement regarding the following subjects:
 - Informed Choice Plan (General);
 - Pharmacy Quality and Safety Components;
 - Preferred Provider Organizations;
 - Improving Benefit Services Through Technology;
 - Benefits Training and Education;
 -

	<ul style="list-style-type: none"> ▪ Traditional Care Network; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network. ▪ Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B-1 shall be modified to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and

	<ul style="list-style-type: none"> To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> Statement of Intent (Representation); Improving Benefit Services Through Technology; Benefits Training and Education; IMO Letter; and Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Any provisions of existing agreements that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	Any provisions of the existing IUOE-Delphi Agreements that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements and/or recognize the IUOE, shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Appendix H, Memorandum of Understanding Employment Security and any and all related provisions of the existing IUOE-Delphi Agreements, shall be eliminated. The Corporation shall have the right immediately to lay off all employees on Protected Status (JOBS Bank).

Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements that would impose ongoing or future hiring commitments or obligations will be eliminated, including apprentices of the IUOE-Delphi Agreement.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees the Corporation will meet and confer with the Union to discuss the use of contract personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Any provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future.
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Any and all references restricting the Corporation's discretion in the utilization of indirect employees this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>Subcontracting Provisions of the IUOE-Delphi Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements will be modified to refer only to core activities that directly support production activities.</p>

	<p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted, such as but not limited to:</p> <ul style="list-style-type: none"> • Machine re-build; • Building and facilities maintenance; • Carpentry and painting; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Janitorial services.
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.

Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any I Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Appendix B of the IUOE-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any and all provisions of the IUOE-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.

IUOE Representation and Support	
Funding and Joint Fund Accruals	<p>Appendix A(3), Tuition Assistance Plan, and Appendix A(14), Dependent Tuition Assistance, will be terminated. The Quality Network Process will be merged with the Delphi Manufacturing System.</p> <p>Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.</p>
Union Representation	<p>The union representation provisions of the IUOE-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • Union representatives as defined in Paragraphs (18) and (19) of the IUOE-Delphi Agreement will be eliminated. The Union may designate one (1) Union representative. This representative shall function as chairperson. Employees will not be permitted to function in a union representative capacity without the consent of local management. • Representatives with no Grievance Procedure responsibilities (i.e. joint activities only) will not work overtime for representation purposes, but will be eligible equalize overtime within their respective equalization groups. • All other references to the number of Union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.
No-Strike Provisions	<p>No strikes, work stoppages or slowdowns shall be permitted during the term of the IUOE-Delphi Agreements as modified by this Term Sheet.</p> <p>Paragraphs (96) and (97) of the IUOE-Delphi Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Exhibit A-1 Covering Pension Plan shall be eliminated or modified:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January 1, 2006. • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • The HRP will pay only those benefits specifically required by ERISA; • Eliminate the Special Benefit; and • Implement a defined contribution benefit, where appropriate

	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Pension Plan	<p>The Company reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Company's ability to fund the HRP.</p>
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p>
Retiree Life Insurance– (Active Employees)	<p>Applicable terms and conditions Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.</p>

Retiree Life Insurance— (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	<p>The IUOE-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all other Agreements between the IUOE local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the national parties, any provisions of the Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated.</p>
Competitive Operating Agreements	<p>Within 90 days following ratification of this Term Sheet, the Agreements at the plant covered by the IUOE-Delphi Agreements will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement.</p> <p>The Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and the IUOE Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All IUOE-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IUOE-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 IUOE-Delphi Agreements, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUOE-Delphi Agreement that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

Right to Refile 1113 and 1114 Motions	In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IUOE and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUOE-Delphi Rochester Agreement.</p>
Complete Agreement and Waiver	The Corporation and the IUOE acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUOE agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or

	signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUOE as to all modifications to the existing IUOE-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.
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Executed ____ day of _____, 2005.

FOR INTERNATIONAL UNION OF
OPERATING ENGINEERS

WITNESS:

FOR DELPHI CORPORATION

WITNESS:

APPENDIX A – WAGES

There is one (1) skilled wage rate. Corresponding classification groupings are set forth in Attachment X.

Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$19.00
New Hire Rates -	\$18.00

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Skilled
0 – 26	\$18.00
27 – 52	\$18.25
53 – 78	\$18.50
79 – 104	\$18.75
105 – 130	\$19.00

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date and skilled trades date, if applicable.

The Apprenticeship Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$10.75
2 nd 916 Hours	\$11.00
3 rd 916 Hours	\$11.00 plus 9% of "Rate Difference"
4 th 916 Hours	\$11.00 plus 20% of "Rate Difference"
5 th 916 Hours	\$11.00 plus 33% of "Rate Difference"
6 th 916 Hours	\$11.00 plus 48% of "Rate Difference"
7 th 916 Hours	\$11.00 plus 66% of "Rate Difference"
8 th 916 Hours	\$11.00 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An employee-in-training (E.I.T.) shall receive a rate not less than \$11.00 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hour each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 25% Employee/ 75% Plan
 - Out-of-Pocket Max: \$2,500 Individual/ \$5,000 Family
 - Out-of-Network
 - Deductibles: \$900 Individual/ \$1,800 Family
 - Copayment: 45% Employee/ 55% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 85
 - Employee + Spouse: \$170
 - Employee + Child(ren): \$160
 - Employee + Family \$240
- Other affordable health plan designs may be offered in the future.
- Dental – Not provided
- Vision – Not provided

Exhibit E

DELPHI

Kevin M. Butler
Vice President
Human Resource Management

October 21, 2005

Mr. Richard Shoemaker
Vice President & Director
UAW General Motors Department
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: Proposal for Modifications to UAW-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Shoemaker:

As you are aware, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

As we discussed the past several weeks, Delphi cannot survive without significant modifications to the UAW-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

A successful restructuring of Delphi's U.S. businesses will also require that we exit a number of product lines that are not core to our product portfolio and are losing money. Delphi can only succeed with value-added products customers are willing to buy at prices that enable covering the cost of development, manufacture, cost of capital, and return to investors. As we have discussed in this regard, critical factors in deciding whether, and when, to exit businesses will be our ability to negotiate a competitive wage and benefit package and addressing legacy costs impacting the facilities that make these products. Establishing a competitive wage and benefit structure may also, in some cases, allow Delphi to sell the product line and facilities, providing continued employment for your members.

During our discussions prior to the bankruptcy filing, Delphi provided proposed modifications and suggested balancing the changes with provisions that would mitigate the impact on affected employees. As we indicated, this would be possible only if substantially financed by GM. Unfortunately, Delphi has been unable to obtain an agreement with GM that would enable such economic consideration. In the context of a Chapter 11 reorganization, we cannot assume that GM will offer any support. Therefore, as I indicated in my letter to you of August 9, 2005, the modifications that Delphi must seek pursuant to Sections 1113 and 1114 of the U.S. Bankruptcy Code are more significant than previously discussed.

The specific modifications to the UAW-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

The attached proposal is based on the most complete and reliable information currently available to the Corporation but, of necessity, includes a number of projections and assumptions. If these projections and assumptions change during the course of the Chapter 11 proceeding, the Corporation will be required to revise its proposals accordingly.

- The proposals assume an implementation date of January 1, 2006. To the extent that implementation is delayed, the Corporation will need to obtain additional cost reductions.
- The Corporation is in the process of reviewing its business plans and financial projections in light of the Chapter 11 filing, and expects to have an updated business plan by mid-December 2005. If, as we anticipate, the Corporation's financial forecasts deteriorate further, then additional cost reductions may be necessary.
- The Corporation's current financial forecasts assume continued pricing and volume support from GM. If GM reduces or eliminates that support, additional modifications will likely be necessary.
- As noted above, the Corporation's proposals assume that GM will not provide financial support to cushion the effect of job elimination, or to allow maintenance at current levels of pension and OPEB benefits. If GM were willing to support such measures, the Corporation may be able to provide a higher level of benefits.
- Unlike our prior discussions, we have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Local Agreements.

The enclosed Term Sheet seeks modifications to both the UAW National Agreement (including the Supplements, and any related appendices, memoranda, letters, minutes and understandings), and related provisions in the Local Agreements (and any related appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring. The Term Sheet provides that the National Agreements and Supplements would supersede any conflicting provisions of the Local Agreements.

If we reach agreement on a national level, the Local Agreements will be revised to reflect the provisions of the Term Sheet. If we cannot reach agreement on a national level, the Corporation will file motions under Section 1113 to reject both the national and local agreements.

Section 1114.

In light of the UAW's agreement to represent UAW-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing National and Local Agreements and Supplements under Section 1113 and its proposals to eliminate retiree welfare benefits for UAW-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for UAW-represented employees, and modifications to some of the provisions of the UAW-National Agreements and Supplements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

As you are aware, we have previously provided the Union and its financial advisors with a significant amount of information which is relevant to its evaluation of the Term Sheet. To further assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

- The Corporation's most recent business plan (which, as noted above, is in the process of being revised).
- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

Every Constituency Will Contribute.

We recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

It is important to note, however, that every constituency of Delphi will share in the pain of this restructuring.

- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.

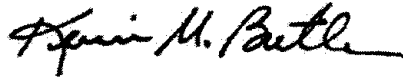
- General Motors, our largest customer, has indicated it may assume as much as \$12 billion in liabilities under its benefit guarantees.
- The creditors of Delphi, whose claims exceed \$2 billion, are likely to be impaired from recovering the full value of their claims.
- Salaried employees, whose compensation and benefits are at or below competitive levels, will also be comparably impacted with regard to job loss.

Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,



Enclosures

cc: All UAW Delphi Local Presidents
All UAW Delphi Shop Chairpersons



Kevin M. Butler
Vice President
Human Resource Management

October 20, 2005

Mr. Henry Reichard
Chairman, IUE-CWA Automotive
Conference Board
2360 Dorothy Lane
Suite 201
Dayton, OH 45439

Re: Proposal for Modifications to IUE-CWA-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Reichard:

As you are aware, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

You are aware from our discussions the past several weeks that Delphi cannot survive without significant modifications to the IUE-CWA-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce its legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

A successful restructuring of Delphi's U.S. businesses will also require that we exit a number of product lines that are not core to our product portfolio and are losing money. Delphi can only succeed with value-added products customers are willing to buy at prices that enable covering the cost of development, manufacture, cost of capital, and return to investors. As we have discussed in this regard, critical factors in deciding whether, and when, to exit businesses will be our ability to negotiate a competitive wage and benefit package and addressing legacy costs impacting the facilities that make these products. Establishing a competitive wage and benefit structure may also, in some cases, allow Delphi to sell the product line and facilities, providing continued employment for your members.

During our discussions prior to the bankruptcy filing, Delphi discussed possible modifications and suggested balancing the changes with provisions that would mitigate the impact on affected employees. As we indicated, this would be possible only if substantially financed by GM. Unfortunately, Delphi has been unable to obtain an agreement with GM that would enable such economic consideration. In the context of a Chapter 11 reorganization, we cannot assume that GM will offer any support. Therefore, as I indicated in my letter to you of August 10, 2005, the modifications that Delphi must seek pursuant to Sections 1113 and 1114 of the U.S. Bankruptcy Code are more significant than previously discussed.

The specific modifications to the IUE-CWA-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

The attached proposal is based on the most complete and reliable information currently available to the Corporation but, of necessity, includes a number of projections and assumptions. If these projections and assumptions change during the course of the Chapter 11 proceeding, the Corporation will be required to revise its proposals accordingly.

- The proposals assume an implementation date of January 1, 2006. To the extent that implementation is delayed, the Corporation will need to obtain additional cost reductions.
- The Corporation is in the process of reviewing its business plans and financial projections in light of the Chapter 11 filing, and expects to have an updated business plan by mid-December 2005. If, as we anticipate, the Corporation's financial forecasts deteriorate further, then additional cost reductions may be necessary.
- The Corporation's current financial forecasts assume continued pricing and volume support from GM. If GM reduces or eliminates that support, additional modifications will likely be necessary.
- As noted above, the Corporation's proposals assume that GM will not provide financial support to cushion the effect of job elimination, or to allow maintenance at current levels of pension and OPEB benefits. If GM were willing to support such measures, the Corporation may be able to provide a higher level of benefits.
- Unlike our prior discussions, we have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Local Agreements.

The enclosed Term Sheet seeks modifications to both the IUE-CWA National Agreement (including the Supplements, and any related appendices, memoranda, letters, minutes and understandings), and related provisions in the Local Agreements (and any related appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring. The Term Sheet provides that the National Agreements and Supplements would supersede any conflicting provisions of the Local Agreements.

If we reach agreement on a national level, the Local Agreements will be revised to reflect the provisions of the Term Sheet. If we cannot reach agreement on a national level, the Corporation will file motions under Section 1113 to reject both the national and local agreements.

Section 1114.

In light of the IUE-CWA's agreement to represent IUE-CWA-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing National and Local Agreements and Supplements under Section 1113 and its proposals to eliminate retiree welfare benefits

for IUE-CWA-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for IUE-CWA-represented employees, and modifications to some of the provisions of the IUE-CWA National Agreements and Supplements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

As you are aware, we have previously provided the Union and its financial advisors with a significant amount of information which is relevant to its evaluation of the Term Sheet. To further assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

- The Corporation's most recent business plan (which, as noted above, is in the process of being revised).
- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

Every Constituency Will Contribute.

We fully recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

It is important for your membership to understand, however, that every constituency of Delphi will share in the pain of this restructuring.

- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.
- General Motors, our largest customer, has indicated it may assume as much as \$12 billion in liabilities under its benefit guarantees.

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- Salaried employees, whose compensation and benefits are at or below competitive levels, will also be comparably impacted with regard to job loss.

Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,

A handwritten signature in black ink, appearing to read "James D. Clark". The signature is fluid and cursive, with a long horizontal stroke at the end.

Enclosures

cc: James D. Clark, President, International Union IUE-CWA
All IUE-CWA-Delphi Local Presidents
All IUE-CWA Delphi Shop Chairpersons

DELPHI

Kevin M. Butler
Vice President
Human Resource Management

October 21, 2005

Mr. Dennis Bingham
President, Local Union 87
United Steel Workers
21 Abbey Avenue
Dayton, OH 45417

Re: Proposal for Modifications to USW-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Bingham:

As you are aware, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

As we discussed the past several weeks that Delphi cannot survive without significant modifications to the USW-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

A successful restructuring of Delphi's U.S. businesses will also require that we exit a number of product lines that are not core to our product portfolio and are losing money. Delphi can only succeed with value-added products customers are willing to buy at prices that enable covering the cost of development, manufacture, cost of capital, and return to investors. As we have discussed in this regard, critical factors in deciding whether, and when, to exit businesses will be our ability to negotiate a competitive wage and benefit package and addressing legacy costs impacting the facilities that make these products. Establishing a competitive wage and benefit structure may also, in some cases, allow Delphi to sell the product line and facilities, providing continued employment for your members.

During our discussions prior to the bankruptcy filing, Delphi provided proposed modifications and suggested balancing the changes with provisions that would mitigate the impact on affected employees. As we indicated, this would be possible only if substantially financed by GM. Unfortunately, Delphi has been unable to obtain an agreement with GM that would enable such economic consideration. In the context of a Chapter 11 reorganization, we cannot assume that GM will offer any support. Therefore, as I indicated in my letter to you of August 10, 2005, the modifications that Delphi must seek pursuant to Sections 1113 and 1114 of the U.S. Bankruptcy Code are more significant than previously discussed.

The specific modifications to the USW-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

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- The Corporation's current financial forecasts assume continued pricing and volume support from GM. If GM reduces or eliminates that support, additional modifications will likely be necessary.
- As noted above, the Corporation's proposals assume that GM will not provide financial support to cushion the effect of job elimination, or to allow maintenance at current levels of pension and OPEB benefits. If GM were willing to support such measures, the Corporation may be able to provide a higher level of benefits.
- Unlike our prior discussions, we have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Local Agreements.

The enclosed Term Sheet seeks modifications to both the USW Master Agreement (including the Supplements, and any related appendices, memoranda, letters, minutes and understandings), and related provisions in the Local Agreements (and any related appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring. The Term Sheet provides that the Master Agreements and Supplements would supersede any conflicting provisions of the Local Agreements.

If we reach agreement on a national level, the Local Agreements will be revised to reflect the provisions of the Term Sheet. If we cannot reach agreement on a national level, the Corporation will file motions under Section 1113 to reject both the master and local agreements.

Section 1114.

In light of the USW's agreement to represent USW-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing Master and Local Agreements and Supplements under Section 1113 and its proposals to eliminate retiree welfare benefits for USW-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for USW-represented employees, and modifications to some of the provisions of the USW-Master Agreements and Supplements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

As you are aware, we have previously provided the Union and its financial advisors with a significant amount of information which is relevant to its evaluation of the Term Sheet. To further assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

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- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

Every Constituency Will Contribute.

We recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

It is important to note, however, that every constituency of Delphi will share in the pain of this restructuring.

- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.

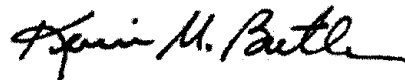
- General Motors, our largest customer, has indicated it may assume as much as \$12 billion in liabilities under its benefit guarantees.
- The creditors of Delphi, whose claims exceed \$2 billion, are likely to be impaired from recovering the full value of their claims.
- Salaried employees, whose compensation and benefits are at or below competitive levels, will also be comparably impacted with regard to job loss.

Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,



Enclosures

cc: Leo W. Gerard, President, USWA International
Gary Adams, Shop Chairman USW Local 87L



Kevin M. Butler
Vice President
Human Resource Management

October 21, 2005

Mr. Robert V. Thayer
General Vice President, Headquarters
International Association of Machinists
and Aerospace Workers
9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Re: Proposal for Modifications to IAM-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Thayer:

As you may know, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our major unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

It is clear to Delphi Corporation that Delphi cannot survive without significant modifications to our collective bargaining agreements, including the IAM-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce its legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

A successful restructuring of Delphi's U.S. businesses will also require that we exit a number of product lines that are not core to our product portfolio and are losing money. Delphi can only succeed with value-added products customers are willing to buy at prices that enable covering the cost of development, manufacture, cost of capital, and return to investors. Critical factors in deciding whether, and when, to exit businesses will be our ability to negotiate a competitive wage and benefit package and address legacy costs impacting the facilities that make these products. Establishing a competitive wage and benefit structure may also, in some cases, allow Delphi to sell the product line and facilities, providing continued employment for your members.

Delphi's ability to balance the changes with provisions that would mitigate the impact on affected employees would be possible only if substantially financed by GM. Unfortunately, Delphi has been unable to obtain an agreement with GM that would enable such economic consideration. In the context of a Chapter 11 reorganization, we cannot assume that GM will offer any support.

The specific modifications to the IAM-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

The attached proposal is based on the most complete and reliable information currently available to the Corporation but, of necessity, includes a number of projections and assumptions. If these projections and assumptions change during the course of the Chapter 11 proceeding, the Corporation will be required to revise its proposals accordingly.

- The proposals assume an implementation date of January 1, 2006. To the extent that implementation is delayed, the Corporation will need to obtain additional cost reductions.
- The Corporation is in the process of reviewing its business plans and financial projections in light of the Chapter 11 filing, and expects to have an updated business plan by mid-December 2005. If, as we anticipate, the Corporation's financial forecasts deteriorate further, then additional cost reductions may be necessary.
- The Corporation's current financial forecasts assume continued pricing and volume support from GM. If GM reduces or eliminates that support, additional modifications will likely be necessary.
- As noted above, the Corporation's proposals assume that GM will not provide financial support to cushion the effect of job elimination, or to allow maintenance at current levels of pension and OPEB benefits. If GM were willing to support such measures, the Corporation may be able to provide a higher level of benefits.
- We have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Collective Bargaining Agreements.

The enclosed Term Sheet seeks modifications to the IAM-Delphi collective bargaining agreements (and any related supplements, appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring.

If we cannot reach agreement, the Corporation will file motions under Section 1113 to reject the IAM-Delphi collective bargaining agreements.

Section 1114.

In light of the IAM's agreement to represent IAM-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing agreements under Section 1113 and its proposals to eliminate retiree welfare benefits for IAM-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for IAM-represented employees, and modifications to some of the provisions of the IAM-Delphi collective bargaining agreements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

To assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

- The Corporation's most recent business plan (which, as noted above, is in the process of being revised).
- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

Every Constituency Will Contribute.

We fully recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

It is important for your membership to understand, however, that every constituency of Delphi will share in the pain of this restructuring.

- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.
- General Motors, our largest customer, has indicated it may assume as much as \$12 billion in liabilities under its benefit guarantees.
- The creditors of Delphi, whose claims exceed \$2 billion, are likely to be impaired from recovering the full value of their claims.
- Salaried employees, whose compensation and benefits are at or below competitive levels, will also be comparably impacted with regard to job loss.

Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,

Enclosures

cc: All IAM Delphi Shop Chairpersons



Kevin M. Butler
Vice President
Human Resource Management

October 21, 2005

Mr. Edwin D. Hill
President
International Brotherhood of Electrical Workers
900 Seventh Street, N.W.
Washington, DC 20001

Re: Proposal for Modifications to IBEW-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Hill:

As you may know, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our major unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

It is clear to Delphi Corporation that Delphi cannot survive without significant modifications to our collective bargaining agreements, including the IBEW-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce its legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

A successful restructuring of Delphi's U.S. businesses will also require that we exit a number of product lines that are not core to our product portfolio and are losing money. Delphi can only succeed with value-added products customers are willing to buy at prices that enable covering the cost of development, manufacture, cost of capital, and return to investors. Critical factors in deciding whether, and when, to exit businesses will be our ability to negotiate a competitive wage and benefit package and address legacy costs impacting the facilities that make these products. Establishing a competitive wage and benefit structure may also, in some cases, allow Delphi to sell the product line and facilities, providing continued employment for your members.

Delphi's ability to balance the changes with provisions that would mitigate the impact on affected employees would be possible only if substantially financed by GM. Unfortunately, Delphi has been unable to obtain an agreement with GM that would enable such economic consideration. In the context of a Chapter 11 reorganization, we cannot assume that GM will offer any support.

The specific modifications to the IBEW-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

The attached proposal is based on the most complete and reliable information currently available to the Corporation but, of necessity, includes a number of projections and assumptions. If these projections and assumptions change during the course of the Chapter 11 proceeding, the Corporation will be required to revise its proposals accordingly.

- The proposals assume an implementation date of January 1, 2006. To the extent that implementation is delayed, the Corporation will need to obtain additional cost reductions.
- The Corporation is in the process of reviewing its business plans and financial projections in light of the Chapter 11 filing, and expects to have an updated business plan by mid-December 2005. If, as we anticipate, the Corporation's financial forecasts deteriorate further, then additional cost reductions may be necessary.
- The Corporation's current financial forecasts assume continued pricing and volume support from GM. If GM reduces or eliminates that support, additional modifications will likely be necessary.
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- We have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Collective Bargaining Agreements.

The enclosed Term Sheet seeks modifications to the IBEW-Delphi collective bargaining agreements (and any related supplements, appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring.

If we cannot reach agreement, the Corporation will file motions under Section 1113 to reject the IBEW-Delphi collective bargaining agreements.

Section 1114.

In light of the IBEW's agreement to represent IBEW-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing agreements under Section 1113 and its proposals to eliminate retiree welfare benefits for IBEW-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for IBEW-represented employees, and modifications to some of the provisions of the IBEW-Delphi collective bargaining agreements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

To assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

- The Corporation's most recent business plan (which, as noted above, is in the process of being revised).
- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

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We fully recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

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- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.
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Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,

Enclosures

cc: All IBEW Delphi Local Presidents
All IBEW Delphi Shop Chairpersons



Kevin M. Butler
Vice President
Human Resource Management

October 21, 2005

Mr. Vincent J. Giblin
President
International Union of Operating Engineers
1125 17th Street, N.W.
Washington, DC 20036

Re: Proposal for Modifications to IUOE-Delphi Agreements Pursuant to
Section 1113 of the U.S. Bankruptcy Code, and for Modifications to
Retiree Welfare Benefits Under Section 1114 of the U.S. Bankruptcy
Code

Dear Mr. Giblin:

As you may know, on October 8, 2005, Delphi Corporation filed a petition for reorganization under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. While we hoped to avoid this step, and worked very hard to obtain consensual agreements with our major unions and General Motors ("GM") that would avoid the need for a bankruptcy filing, we were unable to do so.

It is clear to Delphi Corporation that Delphi cannot survive without significant modifications to our collective bargaining agreements, including the IUOE-Delphi collective bargaining agreements. The Corporation needs to: (1) reduce wages and benefits to competitive levels; (2) eliminate job security provisions that require employment of persons unnecessary to the needs of the operations; (3) eliminate contract provisions which inhibit the enterprise's ability effectively to respond to market forces (i.e., restrictions on the sale, wind-down or consolidation of facilities); and (4) eliminate or substantially reduce its legacy labor costs, including pension and OPEB, that the Corporation cannot afford.

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The specific modifications to the IUOE-Delphi collective bargaining agreements and retiree welfare benefits that Delphi seeks, which are necessary to a successful reorganization, are set forth in the attached Term Sheet. While these proposals should be self-explanatory, there are some areas in which we think that additional explanation would be appropriate.

Financial Assumptions.

The attached proposal is based on the most complete and reliable information currently available to the Corporation but, of necessity, includes a number of projections and assumptions. If these projections and assumptions change during the course of the Chapter 11 proceeding, the Corporation will be required to revise its proposals accordingly.

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- We have not constructed these proposals to meet a specific dollar value of cost reductions, but rather have set forth the terms that we believe are necessary to allow Delphi to compete successfully, and thus to avoid more closures of U.S. facilities than planned currently.

Collective Bargaining Agreements.

The enclosed Term Sheet seeks modifications to the IUOE-Delphi collective bargaining agreements (and any related supplements, appendices, memoranda, letters, minutes and understandings) including those that would impair the Corporation's flexibility to implement a successful restructuring.

If we cannot reach agreement, the Corporation will file motions under Section 1113 to reject the IUOE-Delphi collective bargaining agreements.

Section 1114.

In light of the IUOE's agreement to represent IUOE-represented retirees, the enclosed Term Sheet contains both the Corporation's proposals to modify the existing agreements under Section 1113 and its proposals to eliminate retiree welfare benefits for IUOE-represented retirees under Section 1114. We anticipate that negotiations will be conducted simultaneously on both issues but will be happy to consider alternatives if you prefer.

Pension.

In the attached Term Sheet, we have proposed freezing the existing pension plan for IUOE-represented employees, and modifications to some of the provisions of the IUOE-Delphi collective bargaining agreements affecting pension benefits. It may ultimately become necessary, however, for Delphi to terminate the plan and the Corporation therefore must reserve the right to do so. We will make this decision based on (1) updated financial projections based on the Chapter 11 filing; and (2) our ability to fund the plan in light of those projections and any support provided by GM.

Relevant Information.

To assist you in evaluating the Term Sheet proposed, we will provide to you separately the following additional information, upon which Delphi based the current proposal:

- The Corporation's most recent business plan (which, as noted above, is in the process of being revised).
- A summary of the changes in financial projections since the business plan was developed.
- The Corporation's valuation of the proposed modifications. Please note that this valuation is based on the existing size of the work force, and does not take into account or seek to value sale, closure or consolidation of product lines for facilities. As the size of the work-force decreases, the "value" of the modifications will likewise decrease.
- A copy of the valuation model used for these calculations can be forwarded electronically at your request.

If you believe there is additional, relevant information necessary for the Union to evaluate the Corporation's proposal under Section 1113(b)(1) or Section 1114(f)(1) of the Bankruptcy Code, please contact me.

Every Constituency Will Contribute.

We fully recognize the hardship that this proposal imposes on your members. There is, however, no alternative. Unless Delphi can transform its U.S. operations, they will cease to exist, resulting in even greater hardship for employees, retirees and their families.

It is important for your membership to understand, however, that every constituency of Delphi will share in the pain of this restructuring.

- The owners of Delphi – that is, Delphi's public share-holders whose stock had a total market value of approximately \$12 billion only a few years ago – risk losing their entire investment.
- General Motors, our largest customer, has indicated it may assume as much as \$12 billion in liabilities under its benefit guarantees.
- The creditors of Delphi, whose claims exceed \$2 billion, are likely to be impaired from recovering the full value of their claims.
- Salaried employees, whose compensation and benefits are at or below competitive levels, will also be comparably impacted with regard to job loss.

Further Discussions.

While the attached Term Sheet represents the modifications that the Corporation believes are necessary for restructuring, the Corporation is open to considering all workable options and alternatives that will still provide the Corporation with the durable savings and competitive structure needed to exit Chapter 11 successfully.

We look forward to working closely and cooperatively with you to reach agreement on a new collective bargaining agreement in the coming days. Please contact me at your earliest convenience so that we may immediately begin to meet and confer regarding the Section 1113 and 1114 Proposal contained in the attached Term Sheet.

Very truly yours,

Enclosures

cc: All IUOE Delphi Shop Chairpersons

Exhibit H

**PROPOSED MODIFICATIONS TO THE UAW-DELPHI AGREEMENTS PURSUANT
TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications, pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the UAW National Agreements and UAW Local Agreements, both as defined below, between the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, and/or its Local Unions ("UAW") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
UAW-Delphi Agreements	The term "UAW-Delphi Agreements" shall mean both the UAW National Agreements and the UAW Local Agreements as defined below.
UAW National Agreements	<p>The term "UAW National Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation and the UAW, dated September 18, 2003 (the "UAW-Delphi National Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Guaranteed Income

	<p>Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and UAW, dated September 18, 2003;</p> <ul style="list-style-type: none"> • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The Supplemental Agreement Covering UAW-Delphi Legal Services Plan, Exhibit I to Agreement between Delphi Corporation and UAW, dated September 18, 2003; • The UAW-GM-Delphi "Memorandum of Understanding Benefit Plan Treatment" dated September 30, 1999 and the Amendment thereto dated September 18, 2003; • The UAW-Delphi Supplemental Agreement dated April 29, 2004; • The letter from Ralph E. Handley to Richard Shoemaker dated September 29, 1999 concerning "Post-2003 Delphi Agreement" ("The Mirror Letter"); • The Excerpt from the Minutes of 1999 Delphi-UAW National Negotiations dated November 18, 1999 concerning Delphi's willingness to mirror the appropriate terms of the next GM-UAW National Agreement; • The Special Attrition Plan – DIS Trenton dated October 26, 2000; • The Special Attrition Plan – Delphi Energy & Chassis – Muncie dated November 3, 2003; • <u>The Special Attrition Plan – Automotive Holdings Group – Tuscaloosa dated March 10, 2005;</u> • <u>The Special Attrition Plan – Automotive Holdings Group – Flint West dated July 22, 2004;</u> • The Special Attrition Plan – Delphi Energy & Chassis – Livonia dated December 9, 2003; and • Any and all other agreements, supplements, appendices,
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	documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the International Union, UAW, <u>except that nothing in this Term Sheet shall supersede or modify any terms of the UAW-GM-Delphi Special Attrition Program dated March 22, 2006.</u>
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UAW Local Agreements	<p>The term "UAW Local Agreements" shall mean the following;</p> <ul style="list-style-type: none"> • The agreements between Delphi Automotive Holdings Group – Anderson, Indiana and UAW Local 662 • The agreements between Delphi Automotive Holdings Group – Athens, Alabama and UAW Local 2195 • The agreements between Delphi Automotive Holdings Group – Fitzgerald, Georgia and UAW Local 2188 • The agreements between Delphi Automotive Holdings Group – Flint East, Michigan and UAW Local 651 • The agreements between Delphi Automotive Holdings Group – Laurel, Mississippi and UAW Local 2190 • The agreements between Delphi Automotive Holdings Group – Olathe, Kansas and UAW Local 1021 • The agreements between Delphi Automotive Holdings Group – Wisconsin/Needmore Plants, Dayton, Ohio and UAW Local 696 • <u>The agreements between Delphi Automotive Holdings Group – Flint West and UAW Local 659</u> • <u>The agreements between Delphi Automotive Holdings Group – Tuscaloosa, AL and UAW Local 2083</u> • The agreements between Delphi Electronics and Safety – Kokomo, Indiana and UAW Local 292 • The agreements between Delphi Electronics and Safety – Milwaukee, Wisconsin and UAW Local 438 • The agreements between Delphi Energy and Chassis –
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	<p>Coopersville, Michigan and UAW Local 2151</p> <ul style="list-style-type: none"> • The agreements between Delphi Energy and Chassis – Grand Rapids, Michigan and UAW Local 167 • The agreements between Delphi Energy and Chassis – Milwaukee, Wisconsin and UAW Local 1866 • The agreements between Delphi Energy and Chassis – Rochester, New York and UAW Local 1097 • The agreements between Delphi Energy and Chassis – Saginaw, Michigan and UAW Local 467 • The agreements between Delphi Energy and Chassis – Sandusky, Ohio and UAW Local 913 • The agreements between Delphi Energy and Chassis – Wichita Falls, Texas and UAW Local 2157 • The agreements between Delphi Steering – Saginaw Michigan and UAW Local 699 • The agreements between Delphi Thermal and Interior – Adrian, Michigan and UAW Local 2031 • The agreements between Delphi Thermal and Interior – Columbus, Ohio and UAW Local 969 • The agreements between Delphi Thermal and Interior – Cottondale, Alabama and UAW Local 2083 • The agreements between Delphi Thermal and Interior – Lockport, New York and UAW Local 686 • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the UAW local unions related to pay practices</u> • The agreements identified in Appendix C; and <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the UAW local unions.</p>
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<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi's proposal of November 15, 2005.</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments</u> • <u>The modified Dental Plan set forth in Appendix B</u> • <u>Payments comparable to SUB for certain layoffs during the transformation period</u> • <u>Buyout and buydown payments</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan at 7.5%</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the UAW agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	<p>The UAW-Delphi <u>National and Local</u> Agreements, as modified by this Term Sheet, shall become effective on April 1, 2006 (the "Effective Date").</p>
Duration	<p>The UAW-Delphi <u>National and Local</u> Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on May 1, 2010, subject to the modification and termination provisions of Paragraph (223) of the UAW-Delphi National Agreement.</p>
<p style="text-align: center;">Wages and Related Provisions</p>	
Base Wage Rates	<p>All base hourly wage rates under the UAW-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, <u>as applicable:</u></p> <ul style="list-style-type: none"> • Paragraphs (97), (98), (98)(1), (98)(2), (98)(3), (98)(4), (98)(5), (98)(6), (98a), (98b), (99), (99a), (100), (101)(a)(2), (101)(e), (102), (102a), (143), (151), (163), (164), (165),

(181a), Document 85, Document 146, Section 10 of the Contract Settlement Agreement of the UAW-Delphi National Agreement and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.

- A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:

<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>

An employee's Performance Bonus will be based on the qualified earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the UAW-Delphi National Agreement.

- Paragraph 90 of the UAW-Delphi National Agreement will be deleted, and all other references to payment plans in other national and/or local Agreement provisions and/or associated documents, and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten, will be eliminated.
- ~~All payroll drafts and EFT's will be dated on Friday.~~

COLA

There will be no Cost of Living Allowance (COLA) effective July 3, 2006. Paragraphs (101)(d), (101)(e), (101)(f), (101)(g), (101)(h), (101)(i), (101)(j), (101)(k), (101)(l), Document 87 and Document 101 of the UAW-Delphi National Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents, and all associated Supplemental Agreements and any related understandings, practices or

	<u>settlements, written or unwritten, will be eliminated.</u>
Overtime	<p>The overtime provisions of the UAW-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u>, as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (81), (82), (84)(a), (84)(b), (85)(a), (85)(b), (85)(c), (86), (87), (87)(1), (87)(2), (87)(3), (87)(4), (87)(5), (87)(6), (206), Document 1, Document 2, Document 3, Document 4, and the Memorandum of Understanding on Overtime of the UAW-Delphi National Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten, will be eliminated.</u> • The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the UAW-Delphi Agreements or local agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the UAW-Delphi Agreements shall be eliminated.

Shift Premiums	<p>All existing shift premiums under the UAW-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table border="1" data-bbox="516 380 1281 753"> <tr> <th data-bbox="516 380 899 457">Scheduled Shift Starting Time</th><th data-bbox="899 380 1281 457">Amount of Regular Shift Premium</th></tr> <tr> <td data-bbox="516 457 899 512"></td><td data-bbox="899 457 1281 512"></td></tr> <tr> <td data-bbox="516 512 899 669">(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td data-bbox="899 512 1281 669">Five percent</td></tr> <tr> <td data-bbox="516 669 899 753">(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td data-bbox="899 669 1281 753">None</td></tr> </table> <p>Paragraph 89 of the UAW-Delphi National Agreement and all other references to existing shift premiums in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>	Scheduled Shift Starting Time	Amount of Regular Shift Premium			(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
Scheduled Shift Starting Time	Amount of Regular Shift Premium								
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent								
(2) On or after 5:00 a.m. and before 11:00 a.m.	None								
Holidays, Vacation and Benefits									
Holidays	<p>On the Effective Date July 1, 2006 or as soon as practicable thereafter, the number of Corporation-paid holidays under the UAW-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the UAW shall mutually agree on what the ten paid holidays will be.</p> <p>Paragraphs (203), (203a), (203b), (203c), (208), (209), (211), (213a), Document 80 and Document 134 of the UAW-Delphi National Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>								

Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (202a), (202b), (202c), (202d), (202d)(1), (202d)(2), (202d)(3), (202e), (202f), (202f)(1), (202f)(2), (202f)(3), Document 136 and Document 137 of the UAW-Delphi National Agreement will be deleted and all other references to Independence Week in the UAW-Delphi Agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>														
Vacation Accrual	<p>Paragraph (191) of the UAW-Delphi National Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated UAW-Delphi Agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten</u>, will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January <u>July 1, 2006 or soon as practicable thereafter</u>, vacation accrual rates shall be as follows:</p> <table border="1" data-bbox="565 1352 1346 1875"> <thead> <tr> <th>For an Eligible Employee with Seniority of:</th><th>Hours of Vacation Entitlement</th></tr> </thead> <tbody> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> </tbody> </table>	For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140
For an Eligible Employee with Seniority of:	Hours of Vacation Entitlement														
Less than one year	40														
One but less than three years	60														
Three but less than five years	80														
Five but less than ten years	100														
Ten but less than 15 years	120														
Fifteen but less than 20 years	140														

	Twenty or more years	160	
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows; <u>including the provision that only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts.</u></p> <ul style="list-style-type: none"> • Only "U.S. Operations, as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts. <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. 		
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section I shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. 		

	<ul style="list-style-type: none"> • Section I of the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, providing a Corporation-funded Flexible Spending Account shall be eliminated. • Item 17 (Contract Settlement Agreement) shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Utilization Review and Cost Containment; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options; and ▪ Health Care – HMO ○ Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education;
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	<ul style="list-style-type: none"> ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network. <p>○ Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section IV shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and

	<ul style="list-style-type: none"> • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 13 of the UAW-Delphi National Agreement, and all related provisions of the existing agreements, National and/or Local, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Document 91 of the UAW-Delphi National Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.</p>

Elimination of Protected Status (JOBS Bank)	Appendix K and Documents 10, 11, 117, 118 and 132 of the UAW-Delphi National Agreement and all related provisions of the existing <u>National and Local</u> agreements shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely</u> lay off all <u>excess employees, including those employees currently on Protected Status (JOBS Bank).</u>
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement generated as a result of Appendix K or under the flowback provisions or under any local agreement, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be canceled. All provisions of the national or local Agreements that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices under Document 63 of the UAW-Delphi National Agreement.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, national and/or local, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> that restrict this right shall be eliminated.
Hiring	<p>If employees are required, <u>the order of selection for filling openings</u> it will be solely at Delphi's discretion <u>and may be to add a new hire, or a temporary employee or an employee from another Delphi plant who is no longer required.</u></p> <p>During the course of an attrition program<u>In order to bridge any difficulties arising from the implementation of the UAW-GM-Delphi Special Attrition Program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel</u>Delphi and the UAW may agree to use separated employees as contract personnel on a case by case basis.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees relocating to a GM plant outside of the area hire or transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.

Outsourcing	Appendix L, Documents 12, 89, 120, 127, 140 and 153 of the UAW-Delphi National Agreement, and all other related provisions of the existing local and national agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Pay Buyout Payments to Sever Employment</u>	<p>The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future. <u>A lump sum buyout payment in the amount of \$140,000 will be available for active employees with 10 or more years of seniority, or \$70,000 for active employees with less than 10 years of seniority. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p> <p><u>Buyouts are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and number of sign-up dates will be jointly determined by Delphi and the UAW. These dates may vary by location.</u></p> <p><u>Employees hired under the UAW-Delphi Supplemental Agreement are not eligible for buyout payments.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraphs (140), (140a), (140b), (183)(a) and (183)(b), Appendix F-1, Documents 112, 149 and 152 of the UAW-Delphi National Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be eliminated.</p> <p>Paragraphs (183)(c), (183)(d) and Appendix F of the UAW-Delphi National Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, national and local, will be modified to refer only to</p>

	<p>core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting; • HVAC installation and repair; • Telephone and IT equipment installation and support; • Construction and rearrangement of facilities; <p>An affected trade that is scheduled to work 48 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
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Supplemental Unemployment Benefits	<p>The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D, the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section V; and Document 84 (Collective Bargaining Agreement), and the unpublished letter from Kevin M. Butler to Richard Shoemaker from 2003 Negotiations regarding "<u>SUB Plan Additional Funding</u>" shall be eliminated, <u>except that payments, comparable to SUB, for certain layoffs during the transformation period, will be discussed by the parties. In the event the parties agree to such payments, the maximum duration of such payments will be limited to no more than one year and will cease upon reaching the maximum duration or September 1, 2007, whichever is earlier.</u></p> <p><u>The provision of any such payment is contingent upon financial support from GM. In the absence of such support, the Corporation will not provide such payments.</u></p>
Guaranteed Income Stream Benefits	<p>The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E shall be eliminated.</p>
Temporary Employees	<p><u>Delphi will use temporary employees as needed to bridge any difficulties arising from the implementation of the UAW-GM-Delphi Special Attrition Program subject to the approval of the UAW – Delphi National Parties.</u></p> <p><u>For all other circumstances, Appendix A, X will be modified as follows:</u></p> <ul style="list-style-type: none"> • The Corporation, at its discretion, may hire temporary employees. <p>Document 144 of the UAW-Delphi National Agreement will be eliminated.</p>

Other Provisions

Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none">• The Corporation may implement a no-fault attendance policy under which all employee absences/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance.• All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated.• Document 8 and Document 125 of the UAW-Delphi National Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.• The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any and all provisions of the UAW-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none">• Corporation-paid health club memberships;• Discount programs subsidized by Delphi such as AOL; and• Clothing allowances.

UAW Representation and Support	
CHR Funding and Joint Fund Accruals	<p>The funding provisions of Section III, subsections A and B of the Memorandum of Understanding – Joint Activities, and Item 19 (Contract Settlement Agreement) of the UAW-Delphi National Agreement will be deleted effective July 1, 2006.</p> <ul style="list-style-type: none"> • The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation. • The Memorandum of Understanding – Human Resources Development, the Memorandum of Understanding - Joint Skill Development and Training, the Memorandum of Understanding – Tuition Assistance Plan, Documents 36, 38, 43, 102, 103, 106, 109, 110, 121, 123, 129, 130, 133, and Item 23 (Contract Settlement Agreement) - Group Legal Services Plan of the UAW-Delphi National Agreement and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • Documents 37 and 108 of the UAW-Delphi National Agreement – Child and Elder Care referral services and the Homework Hotline, and any subsidy for any child care center usage will be eliminated. <p><u>All outstanding Delphi accruals will be reversed to Delphi Corporation, and the Delphi investment in the CHR facilities will be credited to Delphi.</u></p>
Legal Services	<p>The Supplemental Agreement Covering UAW-Delphi Legal Services Plan, Exhibit I, of the UAW-Delphi National Agreement, shall be eliminated <u>effective July 1, 2006</u>.</p>
Quality Network	<p>Document 40 of the UAW-Delphi National Agreement and all other references to Quality Network in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.</p>

Union Representation	<p>The union representation provisions of the UAW-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of Union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health & safety, special skilled trades, future product, joint training, human resource development, joint activities, joint ergonomics, equal application, work/family, Quality Network and ADAPT) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50. • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committee persons, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (9), (11), (21), (21)(2), Sections VI, VI(a), and VI(b) of Document 7, the representation provisions of Section VII of Attachment A to Document 7, Document 46 and Document 77 of the UAW-Delphi National Agreement will be deleted, and all other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.
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Neutrality Letter	The neutrality letter shall be eliminated.
No-Strike Provisions	<p>No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the UAW-Delphi Agreements.</p> <p>Paragraphs (116), (117), (118) of the UAW-Delphi National Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • Section III of the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, shall be eliminated. • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and • Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, coincident with the freezing of the HRP, all employees covered under the HRP and who are not eligible to retire under provisions of the HRP within seven years of the date that the HRP is frozen</u>
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Personal Savings Plan	<ul style="list-style-type: none"> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings whose average equivalent value is equal to 7.5% of employees' eligible weekly pay.</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit.</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section II shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective <u>January October 1, 2006</u>; • As of the freeze date, HRP participants, <u>other than employees participating in the pre-retirement program described in Paragraph 3.b. of the UAW-GM-Delphi Special Attrition Program</u>, will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit. • Implement a defined contribution benefit for future benefit accruals, where appropriate.

	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Employees Pension Plan	<p>The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.</p>
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section I shall be modified <u>effective 7/1/06</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement, <u>provided, however, that employees hired under the UAW-Delphi Supplemental Agreement dated April 29, 2004 will continue to be provided the Retiree Medical Account described in Attachment B, Section I of that Agreement.</u></p>

	<p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish, for all employees who are eligible for Corporation contributions for health care in retirement and who are not eligible to retire under provisions of the HRP within seven years of such date, a Retiree Medical Account on the same basis as that provided to employees under the UAW-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, Section I. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance– (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B and the UAW-Delphi Supplemental Agreement, Attachment B, Section IV dated April 29, 2004 shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance– (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	<p>The UAW National Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the UAW local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the national parties, any provisions of the Local Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such Local Agreements shall be deemed withdrawn as moot.</p> <p>A non-exclusive list of agreements that will be eliminated is attached as Appendix C.</p>

Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006. Within 90 days following ratification of this Term Sheet, the Local Agreements will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>The Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
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Local Innovation	<p>The Corporation may seek, and UAW Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to National Party approval. <p>Alternative Work Schedules.</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All UAW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with the National Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current UAW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005⁶ UAW-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current UAW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

No Assumption / Right to Refile 1113 and 1114 Motions	<p>Nothing contained herein shall constitute an assumption of any <u>agreement described herein, nor any modified collective bargaining agreement between the UAW and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the UAW Vice President and Director of General Motors Department and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the UAW-Delphi National Agreement.

**Complete
Agreement and
Waiver**

The Corporation and the UAW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the UAW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the UAW as to all modifications to the existing UAW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.

Executed ____ day of _____, 20056.

FOR THE INTERNATIONAL UNION,
UNITED AUTOMOBILE, AEROSPACE
AND AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA

FOR DELPHI CORPORATION

WITNESS:

WITNESS:

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

On July 3, 2006, base wage rates will be reduced to an average of \$22.00 per hour for all current production employees and an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the UAW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down. It is acknowledged that for plants that are sold as part of an ongoing business, negotiation with the purchaser of an appropriate competitive wage and benefit rate may be a necessary element for completion of the transaction.

Effective September 3, 2007, base wage rates for traditional employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$16.50 per hour for production employees and an average of \$24.00 per hour for skilled employees. The specific base wage rates will be provided to the UAW under separate cover. Affected employees will receive a one-time buydown payment of \$50,000 on September 3, 2007.

There will be no change to the base wage rates of production employees covered under the UAW-Delphi Supplemental Agreement unless the employee's rate is red-circled above the corresponding wage rate in the Supplemental Agreement. The rates of such employees will be reduced to the corresponding rate under the Supplemental Agreement. These employees will not be eligible for a buydown payment.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There are will be two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the UAW in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$12.00	\$13.00	\$21.50
New Hire Rates -	\$10.00	\$11.00	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Low Production	High Production	Skilled
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

~~Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.~~

The corresponding Apprenticeship Rate Schedule for employees hired on or after the effective date of this Term Sheet is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

~~An~~ The corresponding employee-in-training (E.I.T.) shall receive a rate shall not be less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~are~~will be two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the UAW in a separate document.

Employees will receive the following rates of pay:

	Low Production	High Production	Skilled
Base Rates -	\$12.00	\$13.00	\$21.50
New Hire Rates -	\$10.00	\$11.00	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

Number of Weeks	Low Production	High Production	Skilled
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

Apprentice Training Period	Hourly Rate*
1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An employee-in-training (E.I.T.) shall receive a rate not less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hour each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- ~~Dental – Not provided~~
- Vision – Not provided

APPENDIX C - NON-EXCLUSIVE

LIST OF AGREEMENTS THAT WILL BE ELIMINATED

- The letter dated July 13, 1998 and February 20, 2001 from Ralph E. Handley to Jim Beardsley regarding an employment floor at the Delphi Flint East Plant.
- The letter dated July 21, 2004 from Kevin M. Butler to Richard Shoemaker regarding Delphi's commitment, with GM's support, to develop and implement a plan that would, in part, maintain business that would support an ongoing employment level of at least 3,000 people at the Flint East plant.
- The "Memorandum of Understanding, Job Security for Skilled Trades Employees", dated March 27, 1985, between UAW Local 662 and Delco Remy Division, Anderson, Indiana.
- The "Memorandum of Understanding" dated March 27, 1985, between UAW Local 662 and Delco Remy Division, Anderson, Indiana guaranteeing the commitment in the Memorandum of Understanding on Job Security for Skilled Trades Employees on behalf of Delco Remy Division in the event the job security provisions of the GM-UAW National Agreement are not applicable or if the program is discontinued.
- The "Memorandum of Understanding" dated September 13, 1988 between UAW Local 662 and Delco Remy Division, Anderson, Indiana applying the provisions of the "Memorandum of Understanding – Job Security for Skilled Trades Employees" dated March 27, 1985 to temporary layoff situations with certain exclusions.
- The "Oxygen Sensor Manufacturing Site Commitment" from 1999 local negotiations between UAW Local 2157 and Delphi Energy & Chassis Systems, Wichita Falls, Texas.
- The understanding between the local parties from 1987 Local Negotiations at Delphi Energy and Chassis Division (then Rochester Products Division) – Rochester, New York that the Machinist classification at the (now) E&C Rochester plant would only be reduced by normal attrition or other voluntary attrition methods.
- The resolution of Local Demand 42 dated October 14, 1992 between UAW Local 167 and (then) AC Rochester Division, Grand Rapids, Michigan, obligating the Corporation to bring tooling work in-house rather than placing Tool and Die Makers in the JOBS Bank.
- The resolution of 1993 Local Demand 34 ("General Maintenance") between Local 167 and Delphi Energy & Chassis Division, Grand Rapids, Michigan, obligating the Corporation to retain a cleaning crew of eleven (11) employees in the event of a permanent reduction in force.

- The "Automotive Volume Calculation Formula", dated June 6, 1989 and subsequently incorporated into the 1990 local agreement between UAW Local 438 and the (then) Delco Electronics plant at Oak Creek (Milwaukee), Wisconsin, and any subsequent modifications thereto.
- The "MOU on New Work" dated November 7, 2003 at the Delphi Thermal & Interior plant in Adrian, Michigan.
- The answer to Demand P-25 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 14, 2000, related to process requirements for spot buy situations.
- The answer to Demand P-29 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The answer to Demand S-16 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 9, 2000.
- The combined answer to Demands S-23 and S-25 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The answer to Demand S-30 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated February 20, 2000.
- The "Memorandum of Understanding – Model Shop" dated November 1, 2002 between UAW Local 686 and Delphi Harrison Thermal Systems – Lockport, New York, -- "Additional Understandings Model Shop, Engineering Test, and Garage and Tunnel, all dated November 1, 2002".
- The "Memorandum of Understanding – Engineering Test" between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated November 1, 2002.
- The following agreements between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, regarding definitions of work to be regarded as normal and historical work for certain skilled trades classifications, dated November 1, 2002:
 - "Model Maker – Normal and Historical"
 - "Experimental Engineering Test Technician (J-132) Normal & Historical (Includes all product testing of products to be built at Delphi Thermal's Lockport Facility)"
 - "Garage Mechanic – Normal & Historical"
 - "Tunnel Operator – Normal & Historical"
- The answer to Demand G-2 between UAW Local 686 and Delphi Thermal Systems – Lockport, New York, dated September 4, 2004, regarding award work content for the GMT-900 program to the Lockport plant.

- The answers to Demands P-1, P-2 and P-3 dated July 23, 2004 between Delphi Thermal Systems, Lockport, New York and UAW Local 686.
- The "Settlement Agreement" dated November 1, 1994 between Saginaw Division, Alabama Site, General Motors Corporation and UAW Local 2195.
- Unpublished Letter – "Voluntary Indefinite Layoff" dated September 13, 2003 between Delphi AHG – Athens, Alabama plant and UAW Local 2195.
- Grievance settlement between Delphi E&C – Grand Rapids plant and UAW Local 167 that would require insourcing of "blueprint tooling" in lieu of laying off Toolmakers and retention of a 12-person plant clean-up crew.
- The settlement of Appeal Case Y-71 (Grievance S28510) at the Delphi E&S – Milwaukee plant.
- The settlement of Management Initiative MI-11, dated October 12, 1999 at the Delphi E&C – Milwaukee plant.
- The resolution (for the Minutes Only) of 1999 Demand 22 at the Delphi E&C – Rochester plant.
- The resolution dated April 28, 2000 to 1999 Demand 197 at the Delphi E&C – Rochester plant.
- The resolution dated August 10, 2005 to 2003 Demand 65 at the Delphi E&C – Rochester plant.
- The resolution dated February 7, 2004 to 2003 Demand 96 at the Delphi E&C – Rochester plant.
- The "Unpublished Minutes" dated October 27, 2003 regarding subcontracting at the Delphi E&C – Saginaw plant.
- The Unpublished Letter regarding multiple starting times, paid lunch periods and overtime in Department 9893 at the Delphi E&S – Kokomo plant.
- The Unpublished Memorandum of Understanding regarding paid lunches on Christmas and Thanksgiving Day, and any similar understanding from 1999 local negotiations, at the Delphi E&S – Kokomo plant.
- The document "Issue Resolved 11/13/02" dated December 6, 2002 at the Delphi E&S – Kokomo plant.
- The settlement of Grievance #59715 dated March 28, 1979 at the Delphi E&S – Kokomo plant concerning scheduling of gang leaders.

- The "Grievance Settlement" and "Statement for the Minutes" dated September 30, 2003 at the Delphi E&S – Kokomo plant concerning representation during disciplinary interviews.
- The resolution "I.S.O. 17025 Certification" dated December 1, 2003 at the Delphi E&S – Kokomo plant.
- The Memorandum of Understanding dated February 13, 2004 at the Delphi E&S – Kokomo Plant regarding full utilization of skilled trades employees.
- The "Memorandum of Understanding – Model Shop" dated March 12, 2004 at the Delphi E&S – Kokomo Plant.
- The resolution of Demand 60 "Skilled Headcount" dated March 12, 2004 at the Delphi E&S – Kokomo Plant.
- The "Memorandum of Understanding – Skilled Trades – Apprentice Headcount", dated March 15, 2004 at the Delphi E&S – Kokomo plant.
- The "Memorandum of Understanding on Transitional Work Program" dated December 20, 2004 between the Delphi E&S – Milwaukee plant and UAW Local 438
- The "General Stores Call-In Guidelines" dated August 3, 1995 and the earlier "General Stores Call-In Guidelines" dated February 5, 1992 at the Delphi E&S – Milwaukee plant.
- The grievance settlement dated August 23, 1979 at the Delphi T&I – Adrian plant that requires scheduling a crib attendant when twelve (12) or more skilled trades employees are working.
- The settlement of 2003 Demand G-49 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The settlement of 2003 Demand H&S P-2 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The settlement of Demand G-57 dated July 23, 2004 at the Delphi T&I – Lockport plant.
- The settlement of Demand P-27 dated February 20, 2000 at the Delphi T&I – Lockport plant.
- The settlement of Demand P-32 dated November 8, 2004 at the Delphi T&I – Lockport plant.
- The Memorandum of Understanding – "Central Fab & Construction" dated September 19, 1999 between the Delphi Saginaw Steering Systems – Saginaw

plant and UAW Local 699.

- The "Memorandum of Understanding – Volume Related Layoff" dated October 12, 2001 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The "Cooperative Agreement Between Management and Union – Non-Traditional Assignments of UAW Local 699 Members" dated September 13, 2002 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Memorandum of Understanding – "Delphi Saginaw Steering Systems Process Development Laboratory (PDL)", dated April 25, 2001 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Memorandum of Understanding – "Delphi Saginaw Steering Systems – Prototype Operations Factory", dated September 2, 1997 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Memorandum of Understanding – "Site Maintenance" dated December 9, 2002, at the Delphi Saginaw Steering Systems – Saginaw plant.
- The "Memorandum of Understanding – Tool and Die Maker Concerns" dated April 22, 2003 at the Delphi Saginaw Steering Systems – Saginaw plant.
- The "Memorandum of Understanding", dated February 15, 2002 concerning voluntary layoffs at the Delphi Saginaw Steering Systems – Saginaw plant.
- The Special Attrition Plan – DIS Trenton dated October 26, 2000;
- The Special Attrition Plan – Delphi Energy & Chassis – Muncie dated November 3, 2003;
- The Special Attrition Plan – Automotive Holdings Group – Tuscaloosa dated March 10, 2005;
- The Special Attrition Plan – Automotive Holdings Group – Flint West dated July 22, 2004;
- The Special Attrition Plan – Delphi Energy & Chassis – Livonia dated December 9, 2003

**PROPOSED MODIFICATIONS TO THE IUE-CWA-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation (“Delphi” or the Corporation”) for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code to the IUE-CWA-National Agreements and IUE-CWA Local Agreements, both as defined below, between the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America, and/or its Local Unions (“IUE-CWA”) and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi’s existing retirees, surviving spouses and dependents (collectively “Retirees”).

General Provisions	
IUE-CWA-Delphi Agreements	The term “IUE-CWA-Delphi Agreements” shall mean both the IUE-CWA National Agreements and the IUE-CWA Local Agreements as defined below.
IUE-CWA-National Agreements	<p>The term “IUE-CWA-National Agreements” shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation and the IUE-CWA, dated November 16, 2003 (the “IUE-CWA-Delphi National Agreement”); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003 • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The Supplemental Agreement Covering IUE-CWA - Delphi Legal Services Plan, Exhibit I to Agreement between Delphi Corporation and IUE-CWA, dated November 16, 2003; • The "Memorandum of Understanding Regarding Pension and Other Matters Concerning the Employment of GM Employees with Delphi Automotive Systems" dated December 1, 1998; • Memorandum of Understanding – IUE-CWA Automotive Conference Board – Joint Programs dated January 4, 2005 concerning payment of wages and benefits for five (5) IUE-CWA staff members from Joint Funds; • The unpublished Excerpt from the Minutes dated November 15, 2003 concerning development of a viable business represented by IUE-CWA Local 1111; and • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUE-CWA.
IUE-CWA Local Agreements	<p>The term "IUE-CWA Local Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The agreements between Delphi Automotive Holdings Group – Anaheim (Ontario), California and IUE-CWA Local 1111 • The agreements between Delphi Automotive Holdings Group – Kettering, Ohio and IUE-CWA Local 755 • The agreements between Delphi Automotive Holdings Group

	<ul style="list-style-type: none"> – Moraine, Ohio and IUE-CWA Local 801 • The agreements between Delphi Automotive Holdings Group – New Brunswick, New Jersey and IUE-CWA Local 416 • The agreements between Delphi Packard Electric – Brookhaven, Mississippi and IUE-CWA Local 718 • The agreements between Delphi Packard Electric – Clinton, Mississippi and IUE-CWA Local 698 • The agreements between Delphi Packard Electric – Warren, Ohio and IUE-CWA Local 717 • The agreements between Delphi Packard Electric – Gadsden, Alabama and IUE-CWA Local 711 • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IUE-CWA local unions related to pay practices</u> • The agreements identified in Appendix C; and • Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IUE-CWA local unions.
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi’s proposal of November 15, 2005:</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments</u> • <u>The modified Dental Plan set forth in Appendix B</u> • <u>Payments comparable to SUB for certain layoffs during the transformation period</u> • <u>Buyout and buydown payments</u> • <u>Retiree Medical Accounts, and</u>

	<ul style="list-style-type: none"> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the IUE-CWA agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	The IUE-CWA-Delphi <u>National and Local</u> Agreements, as modified by this Term Sheet, shall become effective on January <u>April</u> 1, 2006 (the "Effective Date").
Duration	The IUE-CWA-Delphi <u>National and Local</u> Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on January <u>May</u> 1, 20 <u>12</u> 10 , subject to the modification and termination provisions of Paragraphs (107) and (108) of the IUE-CWA-Delphi National Agreement.
Wages and Related Provisions	
Base Wage Rates	<p>All base hourly wage rates under the IUE-CWA-Delphi Agreements shall be modified as set forth in Appendix A-<u>1 or A-2</u>, as applicable:</p> <ul style="list-style-type: none"> • Paragraphs (61), (61)(1), (61)(2), (61)(3), (61)(4), (61)(5), (61)(6), (61a), (61b), (61c), (61d), (62), (65b), (65e), (63), (63a), (64), (77), (78), (83), and the Apprentice T-Rate Table in the Standard Apprentice Plan, Section 8 of the Contract Settlement Agreement of the IUE-CWA-Delphi National Agreement and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated. • <u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u>

	<table><tr><th><u>Eligibility Date</u></th><th><u>Amount</u></th><th><u>Payable during week ending</u></th></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the qualified earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IUE-CWA-Delphi National Agreement.</u></p> <ul style="list-style-type: none">All payroll drafts and EFT's will be dated on Friday.	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>								
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>								
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006.</u></p> <p>Paragraphs (65d), (65f), (65g), (65h), (65i), (65k), (65l), Document 11 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten, will be eliminated.</u></p>									
Overtime	<p>The overtime provisions of the IUE-CWA-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter,</u> as follows:</p> <ul style="list-style-type: none">All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked.Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement.Paragraphs (48), (49), (51)(a), (51)(b), (52)(a), (52)(b), (52)(c), (53), (54), (54)(1), (54)(2), (54)(3), (54)(4), (54)(5), (54)(6), (102c), Document 1 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or									

	<p>associated documents, and all associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p> <p>The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the IUE-CWA-Delphi Agreements or Local Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted.</p> <p>All voluntary overtime provisions of the IUE-CWA-Delphi Agreements shall be eliminated.</p>						
Shift Premiums	<p>All existing shift premiums under the IUE-CWA-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter,</u> according to the following schedule:</p> <table> <tr> <th><u>Schedule Shift Starting Time</u></th><th><u>Amount of Regular Shift Premium</u></th></tr> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </table> <p>Paragraph (56) and all other references to existing shift premiums in other provisions and/or associated documents, and all associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p> <p><u>The above notwithstanding, the existing local agreement at the Gadsden, Alabama site related to shift premiums will remain unchanged.</u></p>	<u>Schedule Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Schedule Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date <u>July 1, 2006 or as soon as practicable thereafter,</u> the number of Corporation-paid holidays under the IUE-CWA-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the IUE-CWA shall mutually agree on what</p>						

	<p>the ten paid holidays will be.</p> <p>Paragraphs (102), (102e), (102f), (102f)(1), (102f)(2), (102f)(3), (102)(4), (102h), (102l) Document 46 and Document 66 of the IUE-CWA-Delphi National Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents, <u>and associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (101u), (101u)(1), (101u)(2), (101u)(3), (101u)(3)(a), (101u)(3)(b), (101u)(3)(c), (101u)(4), (101u)(5)(a), (101u)(5)(b), (101u)(5)(c) of the IUE-CWA Delphi National Agreement will be deleted and all other references to Independence Week in the IUE-CWA-Delphi Agreements will be eliminated.</p>
Vacation Accrual	<p>Paragraph (101g) of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IUE-CWA-Delphi Agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be modified to reflect the following vacation accrual schedule:</p> <p><u>Effective January/July 1, 2006 or as soon as practicable thereafter</u>, vacation accrual rates shall be as follows:</p>

	<table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows, including the provision that Only “U.S. Operations”, as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts.</p> <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <p><u>Additionally, this Term Sheet does not provide eligibility for Profit Sharing to any employee who was not eligible prior to the effective date of this Term Sheet.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education <p>All local agreements that concern any profit sharing benefits, plans, options or practices shall be eliminated.</p>																

Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and all local agreements that concern any health care benefits, plans, options or practices shall be modified or eliminated to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • Item 13 of the Contract Settlement Agreement shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Utilization Review and Cost Containment; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options;
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	<ul style="list-style-type: none"> ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs) and Alternative Dental and Vision Options; and ▪ Health Care - HMO ○ Letters of Agreement Regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; ▪ Traditional Care Network; ▪ Rolling Enrollment and Assignment of Options. • Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.
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Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B and all local agreements that concern any Life & Disability benefits, payments or practices shall be modified or eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available directly from the Insurance Program, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter.
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	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.
Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 63 of the IUE-CWA-Delphi National Agreement, and all related provisions of the existing agreements, National and/or Local, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	Document 7 of the IUE-CWA-Delphi National Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	<p>Appendix D, Documents 4 and 65 of the IUE-CWA -Delphi National Agreement and all related provisions of the existing <u>National and Local agreements, including applicable agreements listed in Appendix C</u>, shall be eliminated, including but not limited to the following:</p> <ul style="list-style-type: none"> • The unpublished Excerpt from the Minutes dated November 15, 2003 concerning development of a viable business represented by IUE-CWA Local 1111; • The Letter dated July 15, 1996 from J. T. Reynolds to W. Thorpe, D. Owens, D. Campbell and C. Collins, regarding maintenance of a minimum active employment level of 1,500 until 2011 at the Delphi AHGE<u>Harrison</u> – Moraine plant, and Delphi-IUE-CWA Umpire Decision Z-1 affirming this obligation; and • The Memorandum of Understanding dated September 28, 2002 between Delphi AHGE<u>&C</u>-Kettering and IUE-CWA Local 755 regarding Project Vortex, employment targets and commitments regarding closure or sale of the Delphi AHGE<u>&C</u> Kettering plant.

	The Corporation shall have the right immediately to <u>indefinitely</u> lay off all <u>excess employees, including those employees currently</u> on Protected Status (JOBS Bank) or who are otherwise in excess of operational requirements.
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the National or Local Agreements, <u>associated documents, Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices under Document 80 of the IUE-CWA-Delphi National Agreement.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, National and/or Local, <u>associated documents, Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> that restrict this right, shall be eliminated.
Hiring	<p>If employees are required, <u>the order of selection for filling openings</u> will be solely at Delphi's discretion <u>and may be to add a new hire, or a temporary employee or an employee from another Delphi plant that is no longer required.</u></p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Appendix F, Documents 6, 82, and 84 of the IUE-CWA-Delphi National Agreement and all other related provisions of the existing Local and National Agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Buyout Payments to Sever Employment</u>	The Corporation will discuss implementation of affordable severance pay provisions for <u>A lump sum buyout payment in the amount of \$140,000 will be available for active traditional employees with 10 or more years of seniority or \$70,000 for</u>

	<p><u>active traditional employees with less than 10 years of seniority. employees who are no longer required with no prospect of recall in the foreseeable future. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p> <p><u>Buyouts are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and the number of sign-up dates will be jointly determined by Delphi and the IUE-CWA. These dates may vary by location.</u></p> <p><u>Employees hired under competitive hire agreements are not eligible for buyout payments.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p><u>Paragraphs (70), (86a) and (86b), Appendix B, and Document 79 of the IUE-CWA-Delphi National Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be eliminated.</u></p> <p><u>Paragraphs (86c), (86d) and Appendix A of the IUE-CWA-Delphi National Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, National and Local, will be modified to refer only to core activities that directly support production activities.</u></p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted by September 1, 2007 or as soon thereafter as</p>

	<p><u>practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 408 hours per week will be considered “fully utilized”. Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
Supplemental Unemployment Benefits	<p>The Supplemental Agreement Covering Supplemental Unemployment Benefit Plan, Exhibit D, shall be eliminated, <u>except that payments, comparable to SUB, for certain layoffs during the transformation period, will be discussed by the parties. In the event the parties agree to such payments, the maximum duration of such payments will be limited to no more than one year and will cease upon reaching the maximum duration or September 1, 2007, whichever is earlier.</u> <u>Additionally, eligibility for such payments will be limited to those employees who were previously eligible for SUB. Any local agreements concerning Income Security plans, benefits,</u></p>

	<p>payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.</p> <p><u>The provision of any such payment is contingent upon financial support from GM. In the absence of such support, the Corporation will not provide such payments.</u></p> <p><u>Any local agreements concerning Income Security Plans, benefits, payments or practices shall be modified to close the plans to new participants and eliminate any future Corporation contributions to individual accounts.</u></p>
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E shall be eliminated.
Temporary Employees	<p>Appendix E, IX will be modified as follows:</p> <p>The Corporation, at its discretion, may hire temporary employees.</p>
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Document 13 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.

	<ul style="list-style-type: none"> • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any agreements, national and/or local, that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Company-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IUE-CWA Representation and Support	
JAC Funding and Joint Fund Accruals	<p>Item 16 (Contract Settlement Agreement) of the IUE-CWA-Delphi National Agreement will be deleted <u>effective July 1, 2006</u>. The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation.</p> <p>Documents 21, 25, 33, 55, 57, 60, 62, 73 and 74 of the IUE-CWA-Delphi National Agreement, Memorandum of Understanding- IUE-CWA Automotive Conference Board – Joint Programs dated January 4, 2005, and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. Document 56 of the IUE-CWA-Delphi National Agreement – Child and Elder Care referral services, the Homework Hotline, and any subsidy for any child care center usage will also terminated.</p> <p><u>The property located at 2701 Dryden Road, Dayton, Ohio (IUE-CWA/Delphi Joint Activities Center) will be sold and Delphi's original investment shall be returned to Delphi Corporation.</u></p>

Legal Services	The Supplemental Agreement Covering IUE-CWA-Delphi Legal Services Plan, Exhibit I, of the IUE-CWA-Delphi National Agreement, shall be eliminated <u>effective July 1, 2006</u> .
Quality Network	Document 20 of the IUE-CWA-Delphi National Agreement and all other references to Quality Network in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.
Union Representation	<p>The union representation provisions of the IUE-CWA-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of Union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health & safety, special skilled trades, etc.) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50. • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committeemen, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (8), (10), (20), (20)(2), Sections III, VI(a), and VI(b) of Document 2, and Document 43 of the IUE-CWA-Delphi National Agreement will be deleted, and all other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. <p>Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.</p>
Neutrality Letter	The neutrality letter shall be eliminated.

No-Strike Provisions	<p>No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the IUE-CWA-Delphi Agreements as modified by this Term Sheet.</p> <p>Paragraphs (98), (99), and (100) of the IUE-CWA-Delphi National Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement – Personal Savings Plan, Exhibit G, shall continue to apply except that all local agreements that concern any defined contribution plans or practices shall be eliminated.</p> <p>In addition, all Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Improving Benefit Services Through Technology, and • Benefits Training and Education <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G, will also be modified to provide the following;</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP and who are not eligible to retire under provisions of the HRP within seven years of the date that the HRP is frozen</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit</u>

	<ul style="list-style-type: none"> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A, and all local agreements that concern any pension and defined contribution plans, benefits, payments or practices shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) effective January<u>October</u> 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and, • Implement a new defined contribution benefit for future accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work.

	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.
Potential Termination of Hourly-Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits OPEB	
Health Care- (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement, Covering Health Care Program, Exhibit C and all local agreements that concern any post-employment health care benefits, plans, options or practices shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement (under the Supplemental Agreement, Covering Health Care Program, Exhibit C) and who are not eligible to retire under provisions of the HRP within seven years of such date. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement, Covering life and Disability Benefits Program, Exhibit B and all local agreements that concern any post-employment life insurance benefits, plans, options or practices shall be modified

	to eliminate all employer-paid life insurance, including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance, in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance (Retirees)	All life insurance coverage including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	<p>The IUE-CWA- National Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the IUE-CWA local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the national parties, any provisions of the Local Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such Local Agreements shall be deemed withdrawn as moot.</p> <p>A non-exclusive list of agreements that will be eliminated is attached as Appendix C.</p>
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, the Local Agreements will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007</u></p> <p>The Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both production and skilled trades employees; • Frequency of employee movement, including freezing

	<p>transfers during product launches;</p> <ul style="list-style-type: none"> • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and IUE-CWA Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to National Party approval. • Alternative Work Schedules <p>The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week.</p> <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew <ul style="list-style-type: none"> • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IUE-CWA-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with the National Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IUE-CWA-Delphi Agreement that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they</p>

	will draft final contract language, and execute the 2005 ⁶ IUE-CWA-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUE-CWA-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.
No Assumption / Right to Refile 1113 and 1114 Motions	<u>Nothing contained herein shall constitute an assumption of any agreement described herein, nor any modified collective bargaining agreement between the IUE-CWA and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the IUE-CWA Automotive Conference Board Chairman and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUE-CWA-Delphi National Agreement.</p>
Complete Agreement and Waiver	The Corporation and the IUE-CWA acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUE-CWA agree that for the life of the agreement, each voluntarily and

	<p>unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUE-CWA as to all modifications to the existing UAW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____. 20056.

FOR THE INTERNATIONAL UNION
OF ELECTRONIC, ELECTRICAL,
SALARIED, MACHINE AND
FURNITURE WORKERS-
COMMUNICATIONS WORKERS OF
AMERICA

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

On July 3, 2006, base wage rates will be reduced to an average of \$22.00 per hour for all current traditional production employees and an average of \$28.00 per hour for all current traditional skilled employees. The specific base wage rates will be provided to the IUE-CWA in a separate document.

Wage rates for employees whose wage rate is between the amounts specified above and maximum rate detailed below for employees hired on or after the effective date of this term sheet will be frozen at their rate of record on July 3, 2006. Existing wage agreements for employees whose wage rate is below the new hire rate detailed below will remain unchanged.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down. It is acknowledged that for plants that are sold as part of an ongoing business, negotiation with the purchaser of an appropriate competitive wage and benefit rate may be a necessary element for completion of the transaction.

On September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell; close or wind down by December 31, 2007 will be reduced to an average of \$16.50 per hour for production employees and an average of \$24.00 per hour for skilled employees. The specific base wage rates will be provided to the IUE-CWA under separate cover. Affected traditional employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

Wage rates for employees whose wage rate is between the amounts specified in the preceding paragraph and the maximum rate detailed below for employees hired on or after the effective date of this Term Sheet will be frozen at their rate of record on September 3, 2007.

For new hires on or after the effective date of this term sheet, ~~There are~~ will be two (2) production wage rates and one (1) skilled wage rate. The Corresponding classification groupings in each category shall be provided to the IUE-CWA in a separate document. The following wage rates applicable to new hires on or after the effective date of this term sheet will be no higher than the rates indicated as follows: .

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$12.00	\$13.00	\$21.50

New Hire Rates - \$10.00 \$11.00 \$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase shall be no higher than the rates as is set forth in the table below:

<u>Number of Weeks</u>	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

The corresponding Apprentice Rate Schedule for employees hired on or after the effective date of this Term Sheet shall be no higher than the rates is set forth as follows:

<u>Apprentice Training Period</u>	<u>Hourly Rate*</u>
1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

~~An~~ The corresponding upgrader shall receive a rate shall not be less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~are~~will be two (2) production wage rates and one (1) skilled wage rate. The Corresponding classification groupings in each category shall be provided to the IUE-CWA in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$12.00	\$13.00	\$21.50
New Hire Rates -	\$10.00	\$11.00	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable. Employees below the new hire rate will continue in their current progression, if applicable, until such time as they reach the minimum rate, at which point they will be paid according to the above schedule.

The Apprentice Rate Schedule is set forth as follows:

<u>Apprentice Training Period</u>	<u>Hourly Rate*</u>
1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"

4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

An upgrader shall receive a rate not less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.
- Subject to GM financial support, the Dental Plan will be modified as follows:
 - Deductible None
 - Annual Maximum \$1,700 per person
 - Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
 - Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
 - Orthodontia Lifetime Maximum \$2,000 per person
 - Monthly Contribution
 - Employee \$ 5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15
- ~~Dental – Not provided~~
- Vision – Not provided

APPENDIX C - NON-EXCLUSIVE

LIST OF AGREEMENTS THAT WILL BE ELIMINATED

- The Lifetime Job and Income Security Agreement for the Clinton Operations, dated June 13, 1985 between Delphi Packard Electric Systems and IUE-CWA Local 698
- The Addendum to the Lifetime Job and Income Security Agreement and the Clinton Hiring Plan Agreement for the Clinton Operations, dated September 28, 1999 between Delphi Packard Electric Systems and IUE-CWA Local 698
- The “Lifetime Job and Income Security Agreement for the Brookhaven Operations dated October 31, 1985 between Delphi Packard Electric Systems and Local IUE-CWA Local 718
- The “Lifetime Job and Income Security Agreement for the Warren Operations” dated November 20, 1984 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The “Addendum to the 1984 Local Lifetime Job and Income Security Agreement for the Warren Operations” dated November 12, 1987 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The Memorandum of Understanding “Addendum to the 1984 and 1987 Job and Income Security Agreement for the Warren Operations” dated May 26, 1997 between Delphi Packard Electric Systems – Warren, Ohio and IUE-CWA Local 717
- The “Memorandum of Understanding (2003 Local Agreement Settlement)” dated November 25, 2003 amending the Addendum to the 1984 and 1987 Job and Income Security Agreements for the Delphi Packard Electric Systems – Warren, Ohio Operations
- The letter from Emilee A. Chahine to Donald O. Arbogast dated November 2003, related to the second week of the July shutdown
- The Letter dated July 15, 1996 from J. T. Reynolds to W. Thorpe, D. Owens, D. Campbell, and C. Collins, regarding maintenance of a minimum active employment level of 1,500 until 2011 at the Delphi AHG – Moraine plant, and Delphi-IUE-CWA Umpire Decision Z-1 affirming this obligation.
- The Memorandum of Understanding dated September 28, 2002 between Delphi ~~AHGE&C~~ – Kettering and IUE-CWA Local 755 regarding Project Vortex, employment targets and commitments regarding closure or sale of the Delphi ~~AHGE&C~~-Kettering plant

- The “Skilled Trades Memorandum of Understanding” dated September 28, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The “Memorandum of Understanding – Scheduled Hour Bonus Program” dated September 27, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The letter from Darrell R. Kidd to Dave Heizer dated September 27, 2002, concerning redistricting at the Delphi AHG – Kettering plant
- The letter from Darrell R. Kidd to Dave Heizer dated September 27, 2002, concerning application of Paragraph (20) of the Delphi – IUE-CWA National Agreement at the Delphi AHG – Kettering plant
- The Unpublished Memorandum of Understanding dated December 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding the Metrology Lab
- The Memorandum of Understanding (Unpublished) dated April 14, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 concerning overtime for Outside Truckers, and all previous memoranda and/ or agreements on this matter
- The Memorandum of Understanding – “Outside Trucking Classification (200 Class.)” dated January 28, 2002 between Delphi AHG – Kettering and IUE-CWA Local 755
- The Unpublished Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding committeeman pay during Conference Boards
- The Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding “Local Union Appointments”
- The Memorandum of Understanding dated June 15, 2004 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding “Local Districting Agreement”
- The Unpublished Memorandum of Understanding – “Addendum to the 1/28/02 Representation MOU” dated January 14, 2003 between Delphi AGH – Kettering and IUE-CWA Local 755
- The undated Memorandum of Understanding between Bernard Quick and J. D. Clark regarding overtime for Ergonomics Representatives at the Delphi AHG – Kettering plant during the life of the 2002 Delphi – IUE-CWA National Agreement
- The Memorandum of Understanding dated January 8, 2003 between Delphi AHG – Kettering and IUE-CWA Local 755 regarding clarification of items in dispute related to Skilled Trades

- The February 23, 2004 letter from Pat McDonald to Mike Palmer concerning “Union Concerns Regarding Change in Employment Status and New Work Opportunities” at the Delphi AHG – Moraine plant
- The Memorandum of Understanding – “Security and Competitive Opportunity for Employees (SCOPE)” dated February 1, 1985 between Delphi AHG – Moraine (then Harrison Division, GMC) and IUE-CWA Local 801

**PROPOSED MODIFICATIONS TO THE USW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications, pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the USW Local 87L Agreements, both as defined below, between the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers, International Union, f/k/a the United Steelworkers of America, AFL-CIO-CLC, and/or its Local Unions ("USW") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
USW Local 87L-Delphi Agreements	<p>The term "USW Local 87L-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Automotive Systems and Delphi Energy and Chassis Systems and Local Union 87, USW, dated December 8, 1999 (the "USW Local 87L-Delphi Master Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Health Care Program, Exhibit C to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Income Security Program, Exhibit D to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G to Agreement between Delphi Corporation and USW Local 87L, dated December 8, 1999; • The Memorandum of Understanding between Delphi Corporation – Home Avenue and USW Local 87L dated January 20, 1997 (the “Delphi Home Avenue – USW Local 87L Agreement”); • The Agreement between Delphi Corporation and Thermal and Interior Systems Vandalia and USW Local 87L dated June 22, 1998 (the “Delphi Vandalia – USW Local 87L Agreement”); • Letter from Ronald M. Pirtle to Dennis Bingham dated December 17, 2004, concerning the Fix-It Plan at the Delphi T&I – Vandalia plant and the commitment to keep the site open during the balance of the agreement that expires on January 31, 2008; • Those provisions of the “Survival Plan”, effective January 3, 2005 at the Delphi T&I – Vandalia plant that conflict with the provisions of this Term Sheet; • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the USW Local 87L related to pay practices;</u> • All other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and USW Local 87L.
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi’s proposal of November 15, 2005:</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments</u>

	<ul style="list-style-type: none"> • <u>The modified Dental Plan set forth in Appendix B</u> • <u>Buyout and buydown payments</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this term sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the USW Local 87L agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	The USW Local 87L-Delphi <u>National and Local Agreements</u> , as modified by this Term Sheet, shall become effective on January <u>April</u> 1, 2006 (the "Effective Date").
Duration	The USW Local 87L-Delphi <u>National and Local Agreements</u> , as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on January <u>May</u> 1, 2012 <u>10</u> , subject to the modification and termination provisions of Paragraph (128) and (129) of the USW Local 87L-Delphi Master Agreement.

Wages and Related Provisions	
Base Wage Rates	<ul style="list-style-type: none"> • All base hourly wage rates under the USW Local 87L-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, as applicable: • Paragraphs (62r)(8)(h), (62u), (62v)(2), (62v)(4), (62x)(1), (89), (90a), (90b), (91), (92), (94c), (95), (95)(1), (95)(2), (95)(3), (95)(4), (95)(5), (95) (95)(6), (95a), (96) and Document 74, Section 7 of the Contract Settlement Agreement of the USW Local 87L-Delphi Master Agreement will be deleted. All other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in national and/or local agreements, in other provisions and/or in associated documents, including all associated Supplemental Agreements, <u>and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.

	<ul style="list-style-type: none">• <u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date.:</u> <table><tr><th><u>Eligibility Date</u></th><th><u>Amount</u></th><th><u>Payable during week ending</u></th></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the USW Local 87L -Delphi Master Agreement.</u></p> <ul style="list-style-type: none">• All payroll drafts and EFT's will be dated on Friday.	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>								
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>								
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006</u>. Paragraphs (94a), (94b), (94c), (94d), (94e), (94f), (94g), (94h), (94i), (94j) and Documents 47 and 48 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to COLA in national and/or local agreements, in other provisions, and/or in associated documents <u>and any related understandings, practices or settlements, written or unwritten</u>, including all associated Supplemental Agreements, will be eliminated.</p>									
Overtime	<p>The overtime provisions of the USW Local 87L-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u>, as follows:</p> <ul style="list-style-type: none">• All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked.									

	<ul style="list-style-type: none"> • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (84a), (84b), (84c), (85), (85a), (86a), (86a)(1), (86a)(2), (86a)(3), (86a)(4), (86a)(5), (86b), (101d) and Document 11 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to computing overtime premium pay in national and/or local agreements, in other provisions, and/or in associated documents, including all associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten</u>, will be eliminated. • The amount and nature of any overtime to be worked shall be determined at the sole discretion of the Corporation. Any and all provisions of the USW Local 87L-Delphi Agreements or local agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the USW Local 87L-Delphi Agreements shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums under the USW Local 87L-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table> <tr> <th><u>Scheduled Shift Starting Time</u></th><th><u>Amount of Regular Shift Premium</u></th></tr> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </table> <p>Paragraph (99) and (100) of the USW Local 87L –Delphi Master Agreement and all other references to existing shift premiums in national and/or agreements, in other provisions, and/or in</p>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

	<p>associated documents, including all associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p> <p><u>The above notwithstanding, the existing local agreement at the T&I Vandalia, Ohio site related to shift premiums will remain unchanged.</u></p>
Holidays, Vacation and Benefits	
Holidays	<p>On the Effective Date July 1, 2006 or as soon as practicable thereafter, the number of Corporation-paid holidays under the USW Local 87L-Delphi Agreements will be reduced to ten (10) days per year. Delphi and the USW Local 87L shall mutually agree on what the ten paid holidays will be.</p> <p>Paragraphs (101), (101)(3), (101f), (101g), (101g)(1), (101g)(2), (101g)(3), (101g)(4), (101i), (101l), Documents 39, 44 and 74 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to the Christmas Holiday Period in national and/or local agreements, in other provisions, and/or in associated documents, including associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (119u), (119V), (119w), (119x), (119x)(1), (119x)(2), (119x)(3), (119y), (119z), (119z)(1), (119z)(2), and (119z)(3) of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to Independence Week in other provisions and/or associated documents, including all associated Supplemental Agreements, <u>any associated documents, and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p>

Vacation Accrual	<p>Paragraph (119g) of the USW Local 87L-Delphi Master Agreement will be deleted.</p> <p>Memorandum of Understanding Hourly Vacation Pay Plan Modification dated December 22, 2004 in the Delphi Vandalia-USW Local 87L Vandalia "Survival Plan" and all other associated provisions and/or documents <u>and any related understandings, practices or settlements, written or unwritten,</u> will be modified to reflect the following vacation accrual schedule:</p> <p><u>Effective January, July 1, 2006 or as soon as practicable thereafter,</u> vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F, shall continue to apply except as follows: including the provision that Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F, shall be included in any future calculation of profit sharing amounts.</p> <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <p><u>Additionally, this term sheet does not provide eligibility for Profit Sharing to any employee who was not eligible prior to the effective date of this term sheet.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: 																

	<ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>All local agreements that concern any profit sharing benefits, plans, option or practices shall be eliminated.</p>
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C, and all local agreements that concern any health care benefits, plans, options or practices shall be modified or eliminated to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C to conform to the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • Section I of the USW Local 87L-Delphi Supplemental Agreement dated April 29, 2004, Attachment B, providing a Corporation-funded Flexible Spending Account shall be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage;

	<ul style="list-style-type: none"> ▪ Vision Coverage; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs) and Alternative Dental and Vision Options; and ▪ Health Care – HMO. <p>○ Letters of Agreement regarding the following subjects:</p> <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network. <p>○ Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
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Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B and all local agreements that concern any Life & Disability benefits, payments or practices shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • Make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • Reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • Provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • Limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering</p>
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	the program described above and shall be modified or eliminated as appropriate.
Job Security and Severance	
Right to Sell, Close or Consolidate	<p>Document 53 of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, that inhibit the Corporation's ability to close or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose of in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Company sells a facility or operation, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility or operation.</p>
Successorship	Document 54 of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Appendix L , Documents 55, 68, and 75 and Section 11 of the Contract Settlement Agreement of the USW Local 87L-Delphi Master Agreement, and all related provisions of the existing agreements, national and/or local, shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely</u> lay off all <u>excess employees, including those employees currently</u> on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement, under any national and/or local agreement will be canceled. All provisions of the national and/or local agreements, <u>associated documents, supplemental agreements and any related understandings, practices or settlements, written or unwritten</u> , that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, national and/or local, <u>associated</u>

	<u>documents, supplemental agreements and any related understandings, practices or settlements, written or unwritten, that restrict this right shall be eliminated.</u>
Hiring	<p>If employees are required, <u>the order of selection for filling openings it will be solely at Delphi's discretion and may be to add a new hire, or a temporary employee or an employee from another Delphi plant who is no longer required.</u></p> <p>During the course of an attrition program or in the event of an insufficient number of employees, <u>Delphi and the USW Local 87L may agree to the Corporation will meet and confer with the Union to discuss the use separated employees as of contract service personnel on a case by case basis.</u></p>
Outsourcing	Appendix N and Document 72 of the USW Local 87L-Delphi Master Agreement, and all other related provisions of the existing local and national agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Buyout Payment to Sever Employment / Buydown Payment</u>	<p><u>The Corporation will discuss implementation of affordable severance pay provisions for A lump sum buyout payment in the amount of \$140,000 will be available for active traditional employees with 10 or more years of seniority or \$70,000 for active traditional employees with less than 10 years of seniority employees who are no longer required with no prospect of recall in the foreseeable future. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p> <p><u>Buyout payments are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and the number of sign-up dates will be jointly determined by Delphi and the USW Local 87L. These dates may vary by location.</u></p> <p><u>Employees hired under competitive hire agreements are not eligible for buyout payments.</u></p> <p><u>Traditional and Tier II employees at the T&I Vandalia site will be converted to Tier III wages and benefits on July 3, 2006 or as soon as practicable thereafter. A payment of \$35,000 will be made to all affected in two payments as follows:</u></p>

	<ul style="list-style-type: none"> • <u>\$15,000 lump sum payment on July 3, 2006</u> • <u>\$20,000 lump sum payment on July 2, 2007, provided the affected employees are still on the active roll at Delphi</u> • <u>Buyout payments are not applicable to these employees.</u> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraphs (62r)(8), (62y)(1) and (62y)(2) and Appendix J-1 of the USW Local 87L-Delphi Master Agreement, will be eliminated. All other references restricting the Corporation's discretion in this matter in other provisions or associated documents, national and/or local, including all associated Supplemental Agreements, will be eliminated.</p> <p>Paragraphs (62y)(3), (62y)(4) and Appendix J of the USW Local 87L-Delphi Master Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements, national and local, will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine re-build; • Building and facilities maintenance; • Truck repair; • Carpentry and painting;

	<ul style="list-style-type: none"> • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 40.8 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Snow removal; • Janitorial services; • Yard maintenance; and • Crib support.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E, shall be eliminated.
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Temporary Employees	The Corporation may, in its sole discretion, hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absences/tardiness are tracked including leaves of absence. After reaching defined thresholds, employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for

	<p>reducing further disciplinary action based on improved attendance..</p> <ul style="list-style-type: none"> • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • All other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave..
Subsidized Discount Program	<p>Any and all provisions of the USW Local 87L-Delphi Agreements, national and/or local, that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Company-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
USW Representation and Support	
Joint Fund Accruals	<p>The funding provisions of the Memorandum of Understanding – Joint Activities of the USW Local 87L-Delphi Master Agreement will be deleted <u>effective July 1, 2006</u>.</p> <ul style="list-style-type: none"> • The level of participation in the programs, services and related activities formerly funded by these provisions will be at the discretion of the Corporation, and any costs incurred for these will be the responsibility of Delphi Corporation. <p>The Memorandum of Understanding – Human Resources Development and Joint Skill Development and Training Documents 15, 64, 64(A), 64(B) and 67 of the USW Local 87L-Delphi Master Agreement, and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Quality Network	Documents 52 and 70 of the USW Local 87L-Delphi Master Agreement, and all other references to Quality Network in other provisions and/or associated documents, local and/or national, including associated Supplemental Agreements, will be eliminated. The Quality Network Process will be merged with the Delphi Manufacturing System.
Union Representation	<p>The union representation provisions of the USW Local 87L-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • The number of union representatives of all kinds (including but not limited to district, zone, chairperson, benefit, health & safety, special skilled trades, etc.) will be based on a ratio of 1:250. Plants with 200-750 employees will have a total of three (3) representatives. Operating plants with fewer than 200 employees will have a total of two (2) representatives. Closed plants will have no representatives when the population drops below 50. • Union representatives will be scheduled to work overtime for representation purposes only when the 15 or more employees they represent are working overtime on the representative's scheduled shift and no other representatives, including district or zone committeemen, are otherwise available on straight time. • Joint program representatives, including those "special assigned" employees assigned to the Corporation, Divisions and/or agreed to at the plant level, shall be eliminated. • Paragraphs (8a), (15c)(1), (23a), (23aa), (23a)(1)(2)(1), Sections VI, VI(a) and VI(b) of Document 2, the representation provisions of Section N of Document 3, Document 47 and Document 65 of the USW Local 87L-Delphi Master Agreement will be deleted. All other references to the number of union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents, local and/or national, including all associated Supplemental Agreements, will be eliminated. • Statement of Intent (Representation) shall be eliminated from all applicable Supplemental Agreements.

No-Strike Provisions	<p>No strikes, work stoppages, or slowdowns or picketing shall be permitted during the term of the USW Local 87L-Delphi Agreements.</p> <p>Paragraphs (121) and (122) of the USW Local 87L-Delphi Master Agreement, and any other references to strikes in other provisions and/or associated documents, local and/or national, including all associated Supplemental Agreements, will be eliminated.</p>
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement, Covering Personal Savings Plan, Exhibit G, shall continue to apply except that all local agreements that concern any personal savings plans or practices shall be eliminated.</p> <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Improving Benefit Services Through Technology; and • Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP and who are not eligible to retire under provisions of the HRP within seven years of the date that the HRP is frozen</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u>

	<ul style="list-style-type: none"> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A, and all local agreements that concern any pension plans, benefits, payments or practices shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective January<u>October</u> 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment;

	<ul style="list-style-type: none"> • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement, Covering Health Care Program, Exhibit C, and all local agreements that concern any post-employment health care benefits, plans, options or practices shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish, for all employees who are eligible for Corporation contributions for health care in retirement (under the Supplemental Agreement, Covering Health Care Program, Exhibit C) and who are not eligible to retire under provisions of the HRP within seven years of such date, a Retiree Medical Account. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement, Covering Life and Disability Benefits Program, Exhibit B, and all local agreements that concern any post-employment life insurance benefits, plans, options or practices shall be modified to eliminate all employer-paid life insurance, including Basic Life Insurance, Survivor Income Benefit Insurance and Extra

	Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance (Retirees)	All life insurance coverage including Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Local Agreements	
Effect on Local Agreements	<p>The USW-Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and the Delphi Vandalia-USW Local 87L Agreement, as modified by this Term Sheet, shall supersede and control all local agreements between the USW local units and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the National Parties, any provisions of the any local agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, and the Corporation's proposals to modify such local agreements shall be deemed withdrawn as moot.</p> <p><u>However, employees subject to wage and benefit provisions of the "Survival Plan", effective January 3, 2005 at the Delphi T&I – Vandalia plant will continue to be covered by such provisions and the provisions of this term sheet will not serve to improve wages or benefits above the levels provided in the "Survival Plan". In no event will wages and benefits provided to employees subject to the "Survival Plan" exceed those provided to any other USW Delphi employee.</u></p>
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, the local agreements at Home Avenue and Vandalia will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet; and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>Competitive Operating Agreements will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications, and efficient use of both

	<p>production and skilled trades employees;</p> <ul style="list-style-type: none"> • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and USW Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to Corporation approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week: <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All USW Local 87L-Delphi agreements that do not have an expiration date ("living agreements"), shall be amended to expire coterminously with the USW Local 87L-Delphi Master Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current USW Local 87L-Delphi Agreements and the Delphi Vandalia-USW Local 87L Agreement that are necessary for the reorganization of the Corporation under</p>

	<p>Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 20056 USW Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and the Delphi Vandalia-USW Local 87L Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current USW Local 87L-Delphi Agreement, the Delphi Home Avenue – USW Local 87L Agreement or the Delphi Vandalia-USW Local 87L Agreement that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>
<p><u>No Assumption / Right to Refile 1113 and 1114 Motions</u></p>	<p><u>Nothing herein shall constitute an assumption of any agreement described herein, nor any modified collective bargaining agreement between the USW Local 87L and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
<p>Dispute Resolution</p>	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of three (3) members appointed by the President of USW Local 87L and three (3) members appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the applicable arbitration provisions contained in the USW Local 87L-Delphi Master Agreement, the Delphi Home Avenue – USW Local 87L Agreement and/or the Delphi Vandalia-USW Local 87L Agreement.

Complete Agreement and Waiver	<p>The Corporation and the USW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the USW Local 87L agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the USW Local 87L as to all modifications to the existing USW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 20056.

FOR UNITED STEEL, PAPER AND
FORESTRY, RUBBER,
MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS, INTERNATIONAL UNION,
F/K/A THE UNITED STEELWORKERS
OF AMERICA, USW LOCAL 87L, AFL-
CIO-CLC

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

On July 3, 2006, base wage rates will be reduced to an average of \$22.00 per hour for all current traditional production employees and an average of \$28.00 per hour for all current traditional skilled employees. The specific base wage rates will be provided to the USW Local 87L in a separate document.

Wage rates for employees whose wage rate is between the amounts specified above and maximum rate detailed below for employees hired on or after the effective date of this Term Sheet will be frozen at their rate of record on July 3, 2006. Existing wage agreements for employees whose wage rate is below the new hire rate detailed below will remain unchanged.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down. It is acknowledged that for plants that are sold as part of an ongoing business, negotiation with the purchaser of an appropriate competitive wage and benefit rate may be a necessary element for completion of the transaction.

On September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$16.50 per hour for production employees and an average of \$24.00 per hour for skilled employees. The specific base wage rates will be provided to the USW Local 87L under separate cover. Affected traditional employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

Wage rates for employees whose wage rate is between the amounts specified in the preceding paragraph and the maximum rate detailed below for employees hired on or after the effective date of this Term Sheet will be frozen at their rate of record on September 3, 2007.

However, employees subject to wage and benefit provisions of the "Survival Plan", effective January 3, 2005 at the Delphi T&I – Vandalia plant will continue to be covered by such provisions and the provisions of this term sheet will not serve to improve wages or benefits above the levels provided in the "Survival Plan". In no event will wages and benefits provided to employees subject to the "Survival Plan" exceed those provided to any other USW Delphi employee.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There are will be two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the USW in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$12.00	\$13.00	\$21.50
New Hire Rates -	\$10.00	\$11.00	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

The corresponding Apprentice Rate Schedule for employees hired on or after the effective date of this Term Sheet is set forth as follows:

<u>Apprentice Training Period</u>	<u>Hourly Rate*</u>
1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

A. The corresponding helper shall receive a rate shall not be less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification.

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~are~~will be two (2) production wage rates and one (1) skilled wage rate. The corresponding classification groupings in each category shall be provided to the USW Local 87L in a separate document.

Employees will receive the following rates of pay:

	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
Base Rates -	\$12.00	\$13.00	\$21.50
New Hire Rates -	\$10.00	\$11.00	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Low Production</u>	<u>High Production</u>	<u>Skilled</u>
0 – 26	\$10.00	\$11.00	\$19.50
27 – 52	\$10.40	\$11.44	\$20.00
53 – 78	\$10.82	\$11.90	\$20.50
79 – 104	\$11.25	\$12.37	\$21.00
105 – 130	\$11.70	\$12.87	\$21.50
131 – 156	\$12.00	\$13.00	

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

However, employees subject to wage and benefit provisions of the "Survival Plan", effective January 3, 2005 at the Delphi T&I – Vandalia plant will continue to be covered by such provisions and the provisions of this term sheet will not serve to improve wages or benefits above the levels provided in the "Survival Plan". In no event will wages and benefits provided to employees subject to the "Survival Plan" exceed those provided to any other USW Delphi employee.

The Apprentice Rate Schedule is set forth as follows:

Apprentice
Training Period

Hourly Rate*

1 st 916 Hours	\$12.00
2 nd 916 Hours	\$12.50
3 rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4 th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5 th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6 th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7 th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8 th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 916 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

A helper shall receive a rate not less than \$12.25 per hour upon transfer to the classification and, if retained, the employee's rate shall be increased not less than 10¢ per hours each 60 days until the employee reaches the minimum rate of the skilled classification to which the employee is assigned. Any increase above the minimum shall be on the basis of merit, but in no event will such an employee receive a rate above the midpoint of the rate range for the employee's job classification

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health care plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher

- Mandatory generic, maintenance at mail and utilization management provisions apply
- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5E
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15
- ~~Dental~~ – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IAM-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions (“Delphi” or the “Corporation”) for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IAM-Delphi Agreements, as defined below, between the International Association of Machinists, AFL-CIO, Tool and Die Makers Lodge 78 (“IAM”) and Delphi, , and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi’s existing retirees, surviving spouses and dependents (collectively “Retirees”).

General Provisions	
IAM-Delphi Agreements	<p>The term “IAM-Delphi Agreements” shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Electronics & Safety Milwaukee Operations Delphi Corporation and the IAM, dated December 22, 2003 (the “IAM-Delphi Agreement”); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, to Agreement between Delphi Corporation and IAM dated December 22, 2003; • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IAM related to pay practices;</u> <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IAM.</p>
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi’s proposal of November 15, 2005</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments</u> • <u>The modified Dental Plan set forth in Appendix B</u> • <u>Buyout and buydown payments</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the IAM agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	<p>The IAM-Delphi Agreements, as modified by this Term Sheet, shall become effective on January<u>April</u> 1, 2006 (the “Effective Date”).</p>

Duration	The IAM-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17 <u>May 1</u> , 2042 <u>10</u> , subject to the modification and termination provisions of Paragraph (91) of the IAM-Delphi National Agreement.									
Wages and Related Provisions										
Base Wage Rates	<p>All base hourly wage rates under the IAM-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, as <u>applicable</u>:</p> <ul style="list-style-type: none">Paragraphs (79), (79)(a), (79)(b), and Wage Agreement dated December 22, 2003 and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated. <p><u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u></p> <table><tr><td><u>Eligibility Date</u></td><td><u>Amount</u></td><td><u>Payable during week ending</u></td></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IAM-Delphi Agreement.</u></p> <p>All payroll drafts will be dated on Friday.</p>	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>								
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>								
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006</u>.</p> <p>Paragraphs (80), (80)(a), (80)(b), (80)(d), (80)(e), (80)(f), (80)(g), (80)(h), (80)(i), and the Policy Letter on COLA Calculation will</p>									

	be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u> , will be eliminated.
Overtime	<p>The overtime provisions of the IAM-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u>, as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (57), (58), (58)(a), (58)(a)(1), (58)(a)(2), (58)(a)(3), (58)(b), (58)(b)(1), (58)(b)(2), (58)(b)(3), and (58)(c) will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Company. Any and all provisions of the IAM-Delphi Agreements or that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the IAM-Delphi Agreements shall be eliminated. • The following Statements of Policy submitted to the IAM, Equalization of Overtime Hours, Supplementary Overtime, Overtime Scheduling, and, Overtime Work Opportunities for Apprentices will be deleted, and all other references to night shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.

Shift Premiums	<p>All existing shift premiums under the IAM-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table> <tr> <th data-bbox="613 373 854 443"><u>Scheduled Shift Starting Time</u></th><th data-bbox="954 373 1240 443"><u>Amount of Regular Shift Premium</u></th></tr> <tr> <td data-bbox="573 485 870 583">(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td data-bbox="1008 485 1182 516">Five percent</td></tr> <tr> <td data-bbox="573 594 886 699">(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td data-bbox="1057 594 1133 625">None</td></tr> </table>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
	<p>Paragraph (58)(d)(1), (58)(e) of the IAM-Delphi Agreements, and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date <u>July 1, 2006 or as soon as practicable thereafter</u>, the number of Corporation-paid holidays under the IAM-Delphi Agreements will be reduced to ten (10) days per year. Delphi will advise the IAM as to the dates of the ten paid holidays</p> <p>Paragraphs (72), (72)(a), (72)(b), (72)(c), (72)(d), (72)(e), (72)(f), (73), (74), (74)(a), (74)(b), (74)(c), (74)(d), (75), (78) and the Policy Letter on Working on a Holiday/Vacation Entitlement Conversion Option of the IAM-Delphi Agreements will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>						
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. 						

	<ul style="list-style-type: none"> Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (71)(h), (71)(i), (71)(j)(1), (71)(j)(2), (71)(j)(3), (71)(k), (71)(l), (71)(l)(1), (71)(l)(2) and (71)(l)(3) of the IAM-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten,</u> will be eliminated.</p>																
Vacation Accrual	<p>Paragraph (70), (70)(a), (70)(b), (70)(b)(1), (70)(b)(2) and (70)(b)(3) of the IAM-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IAM-Delphi Agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be eliminated, modified to reflect the following vacation accrual schedule:</p> <p>Effective January <u>July</u> 1, 2006 <u>or as soon as practicable thereafter</u>, vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																

Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows:<u>including the provision that</u> Only “U.S. Operations” as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.</p> <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven 7 months of continuation following the month the employee is last in active service. • Article V concerning the Special benefit will be eliminated. <p>All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described Appendix B. Specifically, the following Documents and Letters shall be deleted:</p>

	<ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ⊖ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment;; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options; ○ Health Care - HMO; and ⊖ Vision Network. • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ <u>Vision Network;</u> ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
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Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement Covering Life and Disability, Exhibit B-1, shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter.
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	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	The Plant Closing and Sale Moratorium provisions of the IAM-Delphi Agreement, and all related provisions of the existing agreements that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated. In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.
Successorship	The Sale of Operation Letter of the IAM – Delphi Agreement, and all related provisions of the existing a IAM-Delphi Agreements that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements and/or recognize the IAM, shall be eliminated.
Elimination of Protected Status (JOBS Bank)	The Corporation shall have the right immediately to <u>indefinitely</u> lay off all <u>excess employees, including those employees currently</u> on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements, <u>associated documents, associated Supplemental Agreements, understandings, practices or settlements, written or unwritten,</u> that would impose ongoing or future hiring commitments or obligations will be eliminated.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, <u>documents, understandings or settlements, written or unwritten,</u> that restrict this right shall be eliminated.

Hiring	<p>If employees are required, <u>the order of selection for filling openings it will be solely at Delphi's discretion and may be to add a new hire, or a temporary employee or an employee from another Delphi plant that is no longer required.</u></p> <p>During the course of an attrition program or in the event of an insufficient number of employees, <u>Delphi and the IAM may agree to use separated employees as the Corporation will meet and confer with the union to discuss the use of contract service personnel on a case by case basis.</u></p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred up to a maximum of \$10,000.
Outsourcing	All related provisions of the existing IAM-Delphi agreements that restrict the Corporation's right to source work, shall be eliminated.
Severance Pay	The Corporation will discuss implementation of affordable severance pay provisions for provisions for employees who are no longer required with no prospect of recall in the foreseeable future

Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Apprentice Agreement Section IV, the Letters Subcontracting Discussions and Subcontracting of the IAM-Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>The IAM-Delphi Agreements and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 408 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.</p>
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Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Local Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • The Memorandum of Understanding – The Attendance Procedure and Statement of Policy submitted to the IAM, compliance with the FMLA of 1993 of the IAM-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any provisions of the IAM-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Company-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IAM Representation and Support	
Funding and Joint Fund Accruals	<p>Any and all funding provisions in the IAM-Delphi Agreements are eliminated <u>effective July 1, 2006</u>.</p> <p>Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.</p>
Union Representation	<ul style="list-style-type: none"> • Representatives with no Grievance Procedure responsibilities (i.e. joint activities only) will not work overtime for representation purposes, but will be eligible equalize overtime within their respective equalization groups. • The Union may designate one (1) Union representative per shift. The day shift representative shall function as Chairperson. No representative shall be permitted to function more than two (2) hours per day averaged over the normal work week (Monday Through Friday).
No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the IAM-Delphi Agreements as modified by this Term Sheet. • Paragraphs (81), (82), and (83) of the IAM-Delphi Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
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Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January<u>October</u> 1, 2006. • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate.
	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p>

Potential Termination of Hourly Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <p><u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u></p>
Retiree Life Insurance– (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance– (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.

Local Agreements	
Effect on Local Agreements	The IAM-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Local Agreements between the IAM local units and Delphi or any of its divisions. Any provisions of the Local Agreements which are inconsistent with this Term Sheet shall have no force and effect following execution of the Term Sheet.
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, Agreements at the plant covered by the IAM-Delphi Agreement will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close, or wind down by December 31, 2007.</u></p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> ○ Number of classifications, and efficient use of both production and skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launches; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and IAM Local Unions may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to National Party approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IAM-Delphi Agreements, including living agreements, shall expire coterminously with this Agreement.</p>
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IAM-Delphi Agreement that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005⁶ IAM-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IAM-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

No Assumption / Right to Refile 1113 and 1114 Motions	<p>Nothing contained herein shall constitute an assumption of any <u>agreement described herein, nor any modified collective bargaining agreement between the IAM and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IAM Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IAM-Delphi Agreement.

Complete Agreement and Waiver	<p>The Corporation and the IAM acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IAM agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this</p>
	<p>Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IAM as to all modifications to the existing IAM-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>

Executed ____ day of _____, 20056.

FOR INTERNATIONAL ASSOCIATION
OF MACHINISTS, AFL-CIO, TOOL
AND DIE MAKERS

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

Effective July 3, 2006 base wage rates will be reduced to an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the IBEW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down.

Effective September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$24.00 per hour for skilled employees. Affected employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There are ~~are~~ will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

~~The Apprentice Rate Schedule is set forth as follows:~~

Apprentice Training Period	Hourly Rate*
1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

~~*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.~~

~~Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.~~

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- ~~Dental – Not provided~~
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IBEW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IBEW-Delphi Agreements, as defined below, between the International Brotherhood of Electrical Workers, including its Local Union 663 ("IBEW") and Delphi Energy & Chassis Division – Milwaukee Operations, and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code for Delphi's existing retirees, surviving spouses, and dependents (collectively "Retirees").

General Provisions	
IBEW-Delphi Agreements	<p>The term "IBEW-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi E & C Milwaukee Operations Delphi Corporation and the IBEW, dated March 31, 2004 (the "IBEW-Delphi E & C Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1 to Agreement between Delphi Corporation and IBEW, dated March 31, 2004; • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IBEW related to pay practices;</u> <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IBEW. This does not include Local Agreements negotiated between Local Unions and Local Managements, except for those portions of such Local Agreements which involve subjects referenced herein, which portions are superseded by the terms of this Agreement.</p>
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi’s proposal of November 15, 2005</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments,</u> • <u>The modified Dental Plan set forth in Appendix B,</u> • <u>Buyout and buydown payments,</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the IBEW agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	<p>The IBEW-Delphi Agreements, as modified by this Term Sheet, shall become effective on January<u>April</u> 1, 2006 (the “Effective Date”).</p>

Duration	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17 <u>May 1</u> , 2042 <u>10</u> , subject to the modification and termination provisions of Paragraph (80) of the IBEW-Delphi Agreement.									
Wages and Related Provisions										
Base Wage Rates	<p>All base hourly wage rates under the IBEW-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, as <u>applicable</u>:</p> <p>Paragraph 64, the Wage Agreement, Paragraphs 9 and 13 of the Apprentice Agreement, and Supplement G of the IBEW-Delphi Agreement, and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents, <u>and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p> <p><u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u></p> <table><tr><td><u>Eligibility Date</u></td><td><u>Amount</u></td><td><u>Payable during week ending</u></td></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IBEW-Delphi Agreement.</u></p> <p>All payroll drafts and EFT's will be dated on Friday.</p>	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>								
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>								
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006</u>.</p> <p>Paragraphs (65)(a), (65)(b), (65)(c), (65)(d), (65)(e), (65)(f), (65)(g), (65)(h) and Document 3 of the IBEW-Delphi Agreement</p>									

	will be deleted, and all other references to COLA in other provisions and/or associated documents, and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten, will be eliminated.						
Overtime	<ul style="list-style-type: none"> • The overtime provisions of the IBEW-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u> as follows: • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (41), (42), (43), (43)(a)(1), (43)(a)(2), (43)(a)(3), (43)(b)(1), (43)(b)(2), (43)(b)(3), (43)(c) and Document 2 of the IBEW-Delphi Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents, and all associated Supplemental Agreements and any understandings, practices or settlements, written or unwritten, will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IBEW-Delphi Agreement that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions such as General Local Demand #8 and Paragraphs (57)(f) and (57)(g) of the IBEW-Delphi Agreement shall be eliminated. 						
Shift Premiums	<p>All existing shift premiums shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table> <tr> <th><u>Scheduled Shift Starting Time</u></th><th><u>Amount of Regular Shift Premium</u></th></tr> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </table>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						

	Paragraph (43)(d) of the IBEW-Delphi Agreement and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u> , will be eliminated.
Holidays, Vacation and Benefits	
Holidays	<p><u>On the Effective Date July 1, 2006 or as soon as practicable thereafter</u>, the number of Corporation-paid holidays will be reduced to ten (10) days per year. Delphi will advise the IBEW as to the dates of the ten paid holidays.</p> <p>Paragraphs (57), (57)(a), (57)(b), (57)(c), (57)(d), (57)(e), and (57)(f) of the IBEW-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (56)(n), (56)(o), (56)(p), (56)(p)(1), (56)(p)(2), (56)(p)(3), (56)(p)(4), (56)(q), (56)(r)(1), (56)(r)(2), and (56)(r)(3) of the IBEW-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>
Vacation Accrual	Paragraph (56)(c) of the IBEW-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated Supplemental Agreements, <u>associated documents and any related understandings, practices or settlements, written or unwritten</u> , will be modified to reflect the following vacation accrual schedule:

	<p>Effective January <u>July 1, 2006</u> or as soon as practicable thereafter, vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 shall continue to apply as follows: <u>including the provision that Only "U.S. Operations", as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.</u></p> <p><u>Calculations of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi. Its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. 																

Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care option generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ⊖ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment;; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options ○ Health Care - HMO
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	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ Vision Network; ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement Exhibit B-1 shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B;

	<ul style="list-style-type: none"> • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Any provisions of the IBEW-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form of any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells this facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Any provision of the IBEW-Delphi Agreement and all related provisions of the existing agreements, that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements shall be eliminated.</p>

Elimination of Protected Status (JOBS Bank)	Supplement J and Management's Answer(s) to Local Demand 24 and 25 of the IBEW-Delphi Agreement and all related provisions of the existing agreements shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely</u> lay off all <u>excess employees, including those employees currently on Protected Status (JOBS Bank).</u>
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement generated as a result of any provision of the IBEW-Delphi Agreements will be canceled. All provisions of the <u>Agreements, understandings, practices or settlements, written or unwritten,</u> that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, <u>understandings, practices or settlements, written or unwritten,</u> that restrict this right shall be eliminated.
Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee. Supplements E and F of the IBEW-Delphi Agreement are eliminated.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Any provisions of the IBEW-Delphi Agreement and all other related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Buyout Payments to Sever Employment</u>	The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future. <u>A lump sum buyout payment in the amount of \$140,000 will be available for active employees with 10 or more years of seniority or \$70,000 for active employees with less than 10 years of seniority. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits.</u>

	<p><u>Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p> <p><u>Buyout payments are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and number of sign-up dates will be jointly determined by Delphi and the IBEW. These dates may vary by location.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraphs (31)(a) and (31)(b) of the IBEW-Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplements will be eliminated.</p> <p>Supplement H of the IBEW-Delphi Agreement and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p>

	<ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 408 hours per week will be considered “fully utilized”. Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit. As such, Management’s answer to Local Demand #12 is eliminated.</p> <p>Indirect activities which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.</p>
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, to the IBEW-Delphi Agreement shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation’s attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for

	<p>reducing further disciplinary action based on improved attendance.</p> <ul style="list-style-type: none"> • All restrictions on the Corporation's administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Supplement I of the IBEW-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any agreements that require expenditures by Delphi for personal items shall be eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IBEW Representation and Support	
Funding and Fund Accruals	<p>Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated <u>effective July 1, 2006</u>.</p>
Union Representation	<p>The Union may designate one (1) Union representative per shift. The day shift representative shall be the designated Chairperson. No representative shall function for representation purposes of any kind for more than two (2) hours per day, Monday through Friday, averaged over the week.</p>

No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the IBEW-Delphi Agreements as modified by this Term Sheet. • Paragraphs (67) and (68) of the IBEW-Delphi Agreement and other references to strikes in other provisions and/or associated documents will be eliminated.
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u>

	<ul style="list-style-type: none"> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit.</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January<u>October</u> 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • As of the freeze date, no new participants will be allowed to join the HRP; • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p>

	<ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits OPEB	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>

Retiree Life Insurance – (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance – (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	<p>The IBEW-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Agreements between the IBEW Local 663 and Delphi Corporation Energy and Chassis Division, Milwaukee Operations.</p> <p>Upon execution of this Term Sheet, any provisions of the Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, following execution of the Term Sheet.</p>
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, Agreements at the Delphi E&C – Milwaukee Operations plant covered by the IBEW-Delphi Agreement will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p>

	<ul style="list-style-type: none"> ○ Efficient use of skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launched; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and the IBEW Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew <p>The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.</p>
Living Agreement Provisions	All IBEW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IBEW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 20056 IBEW-Delphi Agreement, within 60 days of the execution of this term</p>

	<p>sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IBEW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>
<p>No Assumption / Right to Refile 1113 and 1114 Motions</p>	<p><u>Nothing contained herein shall constitute an assumption of any agreement described herein, nor any modified collective bargaining agreement between the IBEW and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
<p>Dispute Resolution</p>	<p>Dispute between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IBEW President/Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes
	<p>governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IBEW-Delphi Agreement.</p>

Complete Agreement and Waiver	<p>The Corporation and the IBEW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IBEW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IBEW as to all modifications to the existing IBEW-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 20056.

FOR INTERNATIONAL
BROTHERHOOD OF ELECTRICAL
WORKERS, LOCAL 663

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

Effective July 3, 2006 base wage rates will be reduced to an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the IBEW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down.

Effective September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$24.00 per hour for skilled employees. Affected employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There are ~~are~~ will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

~~The Apprentice Rate Schedule is set forth as follows:~~

Apprentice Training Period	Hourly Rate*
1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

~~*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.~~

~~Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.~~

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- ~~Dental – Not provided~~
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IBEW-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IBEW-Delphi Agreements, as defined below, between the International Brotherhood of Electrical Workers, AFL-CIO, Local Union 663 ("IBEW") and Delphi Corporation Electronics & Safety Division – Milwaukee Operations, and for modifications to retiree welfare benefits pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses, and dependents (collectively "Retirees").

General Provisions	
IBEW-Delphi Agreements	<p>The term "IBEW-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement between Delphi Corporation E & S Milwaukee Operations, and the IBEW dated March 11, 2004 (the IBEW-Delphi Agreement); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Health Care Program, Exhibit C-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Income Security Plan, Exhibit D-1, to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • The Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1 to Agreement between Delphi Corporation and IBEW dated March 11, 2004; • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IBEW related to pay practices;</u> <p>All other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IBEW.</p>
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi's proposal of November 15, 2005.</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments,</u> • <u>The modified Dental Plan set forth in Appendix B,</u> • <u>Buyout and buydown payments,</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the IBEW agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall become effective on January <u>April</u> 1, 2006 (the "Effective Date").
Duration	The IBEW-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17 <u>May 1</u> , 2042 <u>210</u> , subject to the modification and termination provisions of Paragraph (80) of the IBEW-Delphi Agreement.

Wages and Related Provisions											
Base Wage Rates	All base hourly wage rates under the IBEW-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, as <u>applicable</u> :										
	Paragraphs (23), (47), (67), (67b) and the Wage Agreement dated March 11, 2004 of the IBEW-Delphi Agreement, and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements, <u>any other related understandings, practices or settlements, written or unwritten,</u> will be eliminated.										
	<u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u>										
	<table><tr><td><u>Eligibility Date</u></td><td><u>Amount</u></td><td><u>Payable during week ending</u></td></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table>	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>	
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>									
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>									
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>									
	<u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IBEW-Delphi Agreement.</u>										
	<u>All payroll drafts and EFT's will be dated on Friday.</u>										
COLA	There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006.</u>										
	Paragraphs (68)(a), (68)(b), (68)(c), (68)(d), (68)(d), (68)(e), (68)(f), (68)(g), (68)(h), (68)(i), and the Letter dated March 11, 2004 on COLA Calculation of the IBEW-Delphi Agreement will be deleted, and all other references to COLA in other provisions										

	and/or associated documents, and all associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten, will be eliminated.
Overtime	<ul style="list-style-type: none"> • The overtime provisions of the IBEW-Delphi Agreements shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u> as follows: • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (44), (45), (46)(a)(1), (46)(a)(2), (46)(a)(3), (46)(b)(1), (46)(b)(2), (46)(b)(3), (46)(c)(1), (46)(d)(1), and (46)(e)(1) of the IBEW-Delphi Agreement will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents, <u>related understandings, practices or settlements, written or unwritten,</u> will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IBEW-Delphi Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions such as such as Statements of Policy and Demand Settlements on Supplementary Overtime of the IBEW-Delphi Agreement shall be eliminated.

Shift Premiums	<p>All existing shift premiums shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table data-bbox="617 331 1193 661"> <thead> <tr> <th><u>Scheduled Shift Starting Time</u></th><th><u>Amount of Regular Shift Premium</u></th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Paragraph (46)(d) of the IBEW-Delphi Agreement and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date <u>effective July 1, 2006 or as soon as practicable thereafter</u>, the number of Corporation-paid holidays will be reduced to ten (10) days per year. Delphi will advise the IBEW as to the dates of the ten paid holidays.</p> <p>Paragraphs (60), (60)(a), (60)(b), (60)(c), (60)(d), (60)(e), (60)(f), (61), (62), and (66) of the IBEW-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>						
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. 						

	<ul style="list-style-type: none"> Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Paragraphs (58)(n), (58)(o), (58)(p), (58)(p)(1), (58)(p)(2), (58)(p)(3), (58)(q), (58)(r)(1), (58)(r)(2), (58)(r)(3), Statement of Policy and Demand Answers on Independence Week Shutdown of the IBEW-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents, <u>related understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>																
Vacation Accrual	<p>Paragraph (56)(c) of the IBEW-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents, and all associated Supplemental Agreements <u>and any related understandings, practices or settlements, written or unwritten</u>, will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January <u>July 1, 2006</u> <u>or as soon as practicable thereafter</u>, vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																

Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows: <u>including the provision that only “U.S. Operations”, as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.</u></p> <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care option generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit -1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated.

	<p>All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health plan described. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ⊖ Dental Coverage; ○ Vision Coverage; ○ Utilization Review and Cost Containment; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options ○ Health Care – HMO ⊖ Community Initiatives; ⊖ Vision Network; ⊖ Improving Benefit Services Through Technology; ⊖ Benefits Training and Education; ⊖ Pharmacy Quality and Safety Components; ⊖ Preferred Provider Organizations;
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	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ <u>Pharmacy Quality and Safety Components;</u> ○ <u>Preferred Provider Organizations;</u> ○ <u>Improving Benefit Services Through Technology;</u> ○ <u>Benefits training and Education;</u> ○ <u>Community Initiatives;</u> ○ <u>Vision Network;</u> ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
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Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement Exhibit B-1 shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program; • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
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Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>The plant Closing and Sale Moratorium of the IBEW-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form of any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells this facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Sale of Business Letter of the IBEW-Delphi Agreement and all related provisions of the existing agreements, that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements shall be eliminated.</p>
Elimination of Protected Status (JOBS Bank)	<p>Memorandum of Understanding – Employment Security of the IBEW-Delphi Agreement and all related provisions of the existing agreements shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely lay off all excess employees, including those employees currently on Protected Status (JOBS Bank).</u></p>
Hiring Requirements	<p>All hiring requirements accrued as of the Effective Date of this agreement generated as a result of any provision of the IBEW-Delphi Agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> will be canceled. All provisions of the Agreement that would impose ongoing or future hiring requirements or obligations will be eliminated, including apprentices.</p>
Need to Run Employment Levels	<p>The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, <u>associated documents, associated Supplemental Agreements and any related understandings, practices or settlements, written or unwritten,</u> that restrict this right shall be eliminated.</p>

Hiring	<p>If employees are required, it will be solely at Delphi's discretion to add a new hire or a temporary employee. The Statement of Policy and Demand Settlements consideration given to IBEW-Delphi employees are eliminated.</p> <p>During the course of an attrition program or in the event of an insufficient number of employees, the Corporation will meet and confer with the Union to discuss the use of contract service personnel.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi Plant to a Delphi Plant may be eligible for a Relocation Allowance based on actual expenses incurred up to a maximum of \$10,000.
Outsourcing	Any provisions of the IBEW-Delphi Agreement and all other related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Buyout Payments to Sever Employment</u>	<p>The Corporation will discuss implementation of affordable severance pay provisions for employees who are no longer required with no prospect of recall in the foreseeable future. A lump sum buyout payment in the amount of \$140,000 will be available for active employees with 10 or more years of seniority or \$70,000 for active employees with less than 10 years of seniority. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</p> <p><u>Buyout payments are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and number of sign-up dates will be jointly determined by Delphi and the IBEW. These dates may vary by location.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Paragraph (35) and Apprentice Agreement IV of the IBEW-</p>

	<p>Delphi Agreement and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents will be eliminated.</p> <p>Statements of Policy and Demand Settlements covering Subcontracting of the IBEW-Delphi Agreement and all other provisions and/or associated documents will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Tool and equipment build; • Machine Re-build; • Building and facilities maintenance; • Truck repair; • HVAC installation and repair; • Telephone and IT equipment installation and support; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 408 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <ul style="list-style-type: none"> • Indirect activities which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated.
Guaranteed Income Stream Benefits	<p>The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, to the IBEW-Delphi Agreement shall be eliminated.</p>

Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated.
	<ul style="list-style-type: none"> • Memorandum of Understanding Special Procedure for Attendance and Statement of Policy and Demand settlements covering compliance with the FMLA of 1993 of the IBEW-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence rate during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any and all provisions of the IBEW-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IBEW Representation and Support	
Funding and Joint Fund Accruals	<ul style="list-style-type: none"> • Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated <u>effective July 1, 2006</u>.
Union Representation	<ul style="list-style-type: none"> • The Union may designate one (1) Union representative per shift. The day shift representative shall function as Chairperson. No representative shall be permitted to function more than two (2) hours per day averaged over the normal work week (Monday Through Friday).
No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the IBEW-Delphi Agreements as modified by this Term Sheet. • Paragraphs (70) and (71) of the IBEW-Delphi Agreement and other references to strikes in other provisions and/or associated documents will be eliminated.

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply except as follows:</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit.</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
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Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January<u>October</u> 1, 2006; • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and <p>Implement a defined contribution benefit for future benefit accruals, where appropriate.</p>
	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>

Potential Termination of Hourly Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the Hourly-Rate Employees Pension Plan (HRP), the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance– (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance– (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.

Other Agreements	
Effect on Other Agreements	<p>The IBEW-Delphi Agreement, as modified by this Term Sheet, shall supersede and control all Agreements between the IBEW Local 663 and Delphi Corporation Electronics & Safety Division, Milwaukee Operations.</p> <p>Upon execution of this Term Sheet, any provisions of the IBEW-Delphi Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated, following execution of the Term Sheet.</p>
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, Agreements at the Delphi E&S – Milwaukee Operations plant covered by the IBEW-Delphi Agreement will be revised, pursuant to negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> • Number of classifications and an efficient use of skilled trades employees; • Frequency of employee movement, including freezing transfers during product launches; • Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and • Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and the IBEW Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All IBEW-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Legal and Contractual Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IBEW-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 20056 IBEW-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IBEW-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

No Assumption / Right to Refile 1113 and 1114 Motions	<p>Nothing contained herein shall constitute an assumption of any <u>agreement described herein, nor any modified collective bargaining agreement between the IBEW and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
Dispute Resolution	<p>Dispute between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IBEW President/Business Manager and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. • The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IBEW-Delphi Agreement.

Complete Agreement and Waiver	<p>The Corporation and the IBEW acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IBEW agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated</p>
	<p>or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IBEW as to all modifications to the existing IBEW - Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>

Executed ____ day of _____, 200~~5~~6.

FOR INTERNATIONAL
BROTHERHOOD OF ELECTRICAL
WORKERS, LOCAL 663

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

Effective July 3, 2006 base wage rates will be reduced to an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the IBEW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down.

Effective September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$24.00 per hour for skilled employees. Affected employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There are ~~are~~ will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

~~The Apprenticeship Rate Schedule is set forth as follows:~~

Apprentice Training Period	Hourly Rate*
1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

~~*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.~~

~~Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.~~

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- Dental – Not provided
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IUOE-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code, to the IUOE-Delphi Agreements, as defined below, between the International Union of Operating Engineers, and its Local 18-S ("IUOE") and Delphi, and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses and dependents (collectively "Retirees").

General Provisions	
IUOE-Delphi Agreements	<p>The term "IUOE-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi Corporation Columbus Operations and the IUOE, dated October 1, 2003 (the "IUOE-Delphi Columbus Agreement"); • The Supplemental Agreement Covering Pension Plan, Exhibit A-1 to Agreement between Delphi Corporation IUOE dated October 1, 2003; • The Supplemental Agreement Covering Life and Disability Program Exhibit B-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Health Care Program Exhibit C-1, to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Income Security Plan Exhibit D-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program Exhibit E-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; • The Supplemental Agreement Covering Profit Sharing Plan Exhibit F-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003;

	<ul style="list-style-type: none"> • The Supplemental Agreement Covering Personal Savings Plan Exhibit G-1 to Agreement between Delphi Corporation and IUOE dated October 1, 2003; and • <u>Any and all agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi and the IUOE related to pay practices;</u> <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUOE.</p>
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi's proposal of November 15, 2005.</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments,</u> • <u>The modified Dental Plan set forth in Appendix B,</u> • <u>Buyout payments.</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitment, Delphi and the IUOE agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	<p>The IUOE-Delphi Agreements, as modified by this Term Sheet, shall become effective on January<u>April</u> 1, 2006 (the "Effective Date").</p>
Duration	<p>The IUOE-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17<u>May 1, 2012</u>10</p>

	subject to the modification and termination provisions of Article 28 of the IUOE-Delphi Agreement.									
Wages and Related Provisions										
Base Wage Rates	<p>All base hourly wage rates under the IUOE-Delphi Agreements shall be modified as set forth in Appendix A-1 or A-2, <u>as applicable</u>:</p> <ul style="list-style-type: none">Articles 16, 17, 34 and 35 and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated. <p><u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u></p> <table><tr><td><u>Eligibility Date</u></td><td><u>Amount</u></td><td><u>Payable during week ending</u></td></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IUOE-Delphi Agreement.</u></p> <ul style="list-style-type: none">All payroll drafts and EFT's will be dated on Friday.	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>								
<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>								
<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006</u>.</p> <p>Article 18 will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>									

Overtime	<p>The overtime provisions of the IUOE-Delphi Agreement shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u>, as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Articles 10, 11, 12, 13, and 14 will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten,</u> will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IUOE-Delphi Agreement that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the IUOE-Delphi Agreement shall be eliminated.
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Shift Premiums	<p>All existing shift premiums under the IUOE-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table data-bbox="609 367 1209 703"> <thead> <tr> <th><u>Scheduled Shift Starting Time</u></th><th><u>Amount of Regular Shift Premium</u></th></tr> </thead> <tbody> <tr> <td>(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td>Five percent</td></tr> <tr> <td>(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td>None</td></tr> </tbody> </table> <p>Article 15 of the IUOE-Delphi Agreements and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date <u>July 1, 2006 or as soon as practicable thereafter</u>, the number of Corporation-paid holidays under the IUOE-Delphi Agreements will be reduced to ten (10) days per year. Delphi will advise the IUOE as to the dates of the ten paid holidays.</p> <p>Article 23 of the IUOE-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>						
Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. 						

	<ul style="list-style-type: none"> Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Article 23 of the IUOE-Delphi Agreements will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>																
Vacation Accrual	<p>Article 22 of the IUOE-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated IUOE-Delphi Agreements, <u>associated documents, any related understandings, practices or settlements, written or unwritten</u>, will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January <u>July 1, 2006</u> or as soon as practicable thereafter, vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																
Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows: <u>including the provision that</u> Only "U.S. Operations" as defined under 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.</p>																

	<p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated. • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted.

	<ul style="list-style-type: none"> • Statement of Intent (Representation) • Understandings with Respect to: <ul style="list-style-type: none"> ⊖ Dental Coverage; ○ Vision Coverage; ○ <u>Utilization Review and Cost Containment</u>; ○ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ○ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options, and ○ Health Care - HMO
	<ul style="list-style-type: none"> • Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ○ Informed Choice Plan (General); ○ Pharmacy Quality and Safety Components; ○ Preferred Provider Organizations; ○ Improving Benefit Services Through Technology; ○ Benefits Training and Education; ○ Community Initiatives; ○ Vision Network; ○ Preferred Dental Provider Arrangement; ○ Fertility Services; ○ Health Care Communication Strategy; ○ Mental Health and Substance Abuse Coverage; and ○ Traditional Care Network. • Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.

Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B-1 shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter.
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	Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Article 40, Letter regarding Plant Closing and Sale Moratorium of the IUOE-Delphi Agreement, and all related provisions of the existing agreements, that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	Article 40 of the Letter regarding Sale of Business, and all related provisions of the existing IUOE-Delphi Agreements that would require a purchaser of Corporation facilities to assume the existing collective bargaining agreements shall be eliminated.
Elimination of Protected Status (JOBS Bank)	Attachment A, Memorandum of Understanding Employment Security of the IUOE-Delphi Agreement and all related provisions of the existing IUOE-Delphi Agreements shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely lay off all excess employees, including employees currently</u> on Protected Status (JOBS Bank).
Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements, <u>associated documents, understandings, practices or settlements, written or unwritten,</u> that would impose ongoing or future hiring commitments or obligations will be eliminated, including apprentices.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, <u>documents, understandings, practices or settlements, written or unwritten,</u> that restrict this right shall be eliminated.

Hiring	<p>If employees are required, <u>the order of selection for filling openings it will be solely at Delphi's discretion and may be to add a new hire, or a temporary employee or an employee from another Delphi plant that is no longer required.</u></p> <p>During the course of an attrition program or in the event of an insufficient number of employees, <u>Delphi and the IUOE may agree to use separated employees as the Corporation will meet and confer with the union to discuss the use of contract service personnel on a case by case basis.</u></p>
Relocation Allowance	<p>On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.</p> <p>Article 29, Moving Allowance, shall be eliminated. Article 30 Relocation Allowance Amount, shall be eliminated.</p>
Outsourcing	<p>All related provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.</p>
<u>Severance Buyout Payments to Sever Employment</u>	<p>The Corporation will discuss implementation of affordable severance pay provisions for provisions for employees who are no longer required with no prospect of recall in the foreseeable future. <u>A lump sum buyout payment in the amount of \$140,000 will be available for active employees with 10 or more years of seniority or \$70,000 for active employees with less than 10 years of seniority. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p> <p><u>Buyout payments are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and number of sign-up dates will be jointly determined by Delphi and the IUOE. These dates may vary by location.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>

Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Any and all agreements and all other references restricting the Corporation's discretion in this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>Subcontracting provisions in the IUOE-Delphi Agreements and all other provisions and/or associated documents and all associated Supplemental Agreements will be modified to refer only to core activities that directly support production activities.</p> <p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Building and facilities maintenance; • Carpentry and painting; • HVAC installation and repair; and • Construction and rearrangement of facilities.
	<p>An affected trade that is scheduled to work 408 hours per week will be considered "fully utilized". Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Janitorial services

Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits Program	The Supplemental Agreement Covering Guaranteed Income Stream Benefits Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.
Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation administration, including any Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated.
	<ul style="list-style-type: none"> • All attendance programs and enhancements to FMLA Legislation of the IUOE-Delphi Agreements will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.

Subsidized Discount Programs	<p>Any and all provisions of the IUOE-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.
IUOE Representation and Support	
Funding and Joint Fund Accruals	<p>The following items contained in Article 40 will be eliminated <u>effective July 1, 2006</u>:</p> <ul style="list-style-type: none"> • Memorandum of Understanding Tuition Assistance Plan and related letter; • Memorandum of Understanding Employee Assistance Program and Work/Family; • Letter regarding Retiree Tuition Assistance Plan; • Letter regarding Scholarship Plan for Dependent Children; and • Unpublished Letter regarding Tuition Assistance Plan W-2 Forms. <p>Articles 37, 38, and 39 will be deleted and other references to education, training, and development in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>
Union Representation	<ul style="list-style-type: none"> • The Union may designate one (1) Union representative. This representative will function as chairperson. • Union representative will function only when required but not to exceed two (2) hours per day Monday through Friday. When an employee functions in a union representative capacity, proper notification to Management will be required.

No-Strike Provisions	<ul style="list-style-type: none"> • No strikes, work stoppages, or slowdowns <u>or picketing</u> permitted during the term of the IUOE-Delphi Agreements. • Article 21 of the IUOE-Delphi Agreement and other references to strikes in other provisions and/or associated Supplemental Agreements will be eliminated.
Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> • Improving Benefit Services Through Technology; and • Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP</u>

	<ul style="list-style-type: none"> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings.</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit.</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Pension Plan, Exhibit A-1, shall be eliminated or modified as follows:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes the Individual Retirement Plan effective January<u>October</u> 1, 2006 • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • As of the freeze date, the HRP will be amended to eliminate any benefits that are not protected by ERISA, including the Special Benefit; and • Implement a defined contribution benefit for future benefit accruals, where appropriate. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p>

	<ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>
Potential Termination of Hourly Rate Employees Pension Plan	The Corporation reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Corporation's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit C-1 shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the Hourly-Rate Employees Pension Plan (HRP), the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement. Additionally, for such employees the Retiree Medical Account will be</u>

	<u>credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance (Active Employees)	Applicable terms and conditions of Supplemental Agreement Covering Life and Disability Program, Exhibit B-1 shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	<p>The IUOE-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all Agreements between the IUOE Local 18-S and Delphi or any of its divisions.</p> <p>Upon execution of this Term Sheet by the parties, any provisions of the IUOE-Delphi Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated.</p>
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet, Agreements at the plant covered by the IAM-Delphi Agreement will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> ○ Number of classifications, and efficient use of both production and skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launches; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and

	<ul style="list-style-type: none"> ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).
Local Innovation	<p>The Corporation may seek, and IUOE may agree to other changes that are justified by local competitive conditions or necessary to make operations viable:</p> <ul style="list-style-type: none"> • Locally competitive wage rates and/or benefit plans – subject to National Parties approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> • The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> ○ 3-Crew, 2-Shift ○ 4-Crew, 2-shift ○ Four days x ten hours ○ Weekend crew • The Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	<p>All IUOE-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.</p>

Miscellaneous Provisions	
Definitive Documentation	This Term Sheet is intended only to describe the basic modifications to the current IUOE-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005 6 IUOE-Delphi Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUOE-Delphi Agreements that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.
<u>No Assumption / Right to Refile 1113 and 1114 Motions</u>	<u>Nothing contained herein shall constitute an assumption of any agreement described herein, nor any modified collective bargaining agreement between the IBEW and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.
Dispute Resolution	<p>Disputes between the Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IUOE and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUOE-Delphi Agreement.</p>

Complete Agreement and Waiver	<p>The Corporation and the IUOE acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUOE agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUOE as to all modifications to the existing IUOE-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.</p>
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Executed ____ day of _____, 20056.

FOR INTERNATIONAL UNION OF
OPERATING ENGINEERS

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

Effective July 3, 2006 base wage rates will be reduced to an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the IBEW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down.

Effective September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$24.00 per hour for skilled employees. Affected employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	Skilled
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

~~The Apprentice Rate Schedule is set forth as follows:~~

Apprentice Training Period	Hourly Rate*
1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916 Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- ~~Dental – Not provided~~
- Vision – Not provided

**PROPOSED MODIFICATIONS TO THE IUOE-DELPHI AGREEMENTS
PURSUANT TO BANKRUPTCY CODE § 1113(c)
AND
PROPOSED MODIFICATIONS TO RETIREE WELFARE BENEFITS
PURSUANT TO BANKRUPTCY CODE § 1114**

This term sheet sets forth the proposals of Delphi Corporation and its operating divisions ("Delphi" or the "Corporation") for modifications pursuant to Section 1113(c) of the U.S. Bankruptcy Code to the IUOE-Delphi Agreements, as defined below, between the International Union of Operating Engineers, ("IUOE") and Delphi, , and for modifications to retiree welfare benefits, pursuant to Section 1114 of the U.S. Bankruptcy Code, for Delphi's existing retirees, surviving spouses (collectively "Retirees").

General Provisions	
IUOE-Delphi Agreements	<p>The term "IUOE-Delphi Agreements" shall mean the following:</p> <ul style="list-style-type: none"> • The Agreement Between Delphi E & C Rochester Operations and the IUOE, dated March 24, 2004 (the "IUOE-Delphi Rochester Agreement"); • The Supplemental Agreement covering Pension Plan, Exhibit A-1, to Agreement between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Life and Disability Benefits Program, Exhibit B-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Health Care Program, Exhibit C-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Income Security Plan, Exhibit D-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Guaranteed Income Stream Program, Exhibit E-1, between Delphi Corporation and IUOE dated March 24, 2004; • The Supplemental Agreement covering Profit Sharing Program, Exhibit F-1, between Delphi Corporation and IUOE dated March 24, 2004;

	<ul style="list-style-type: none"> • The Supplemental Agreement covering Personal Savings Plan, Exhibit G-1, between Delphi Corporation and IUOE dated March 24, 2004; • <u>Any and all agreements, supplements, appendices, documents, memoranda, , letters, minutes and understandings, published and unpublished, between Delphi and the IUOE related to pay practices;</u> <p>Any and all other agreements, supplements, appendices, documents, memoranda, letters, minutes and understandings, published and unpublished, between Delphi Corporation and the IUOE.</p>
<u>Transformation Proposals – GM Financial Support</u>	<p><u>The following proposals in this Term Sheet are contingent upon a commitment by General Motors to provide Delphi with financial support sufficient to fund the difference between the cost of these programs and the cost of Delphi’s proposal of November 15, 2005:</u></p> <ul style="list-style-type: none"> • <u>The wage rates for existing employees set forth in Appendix A-1 including buydown payments,</u> • <u>The modified Dental Plan set forth in Appendix B,</u> • <u>Buyout and buydown payments.</u> • <u>Retiree Medical Accounts, and</u> • <u>Defined Contribution Plan</u> <p><u>In the event that GM does not agree to provide financial support, the non-contingent terms set forth in or appended to this Term Sheet shall govern. In the event that GM agrees to provide financial support, but that support is insufficient to fund all of the contingent proposals set forth herein, or if GM is unable to meet its commitments, Delphi and the IUOE agree to discuss which contingent proposals will be implemented and/or maintained.</u></p>
Effective Date	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall become effective on January <u>April</u> 1, 2006 (the “Effective Date”)
Duration	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall continue in effect until 11:59 p.m. on April 17 <u>May 1, 2012</u>

	subject to the modification and termination provisions of Paragraph (106) of the IUOE-Delphi Agreement.									
Wages and Related Provisions										
Base Wage Rates	<p>All base hourly wage rates under the IUOE-Delphi Agreements shall be modified as set forth in Appendix <u>A-1 or A-2, as applicable</u>:</p> <ul style="list-style-type: none">The Wage Agreement in its entirety and other references related to wage schedules, rates, general increases, performance bonuses, tool and other allowances in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices and settlements, written and unwritten</u>, will be eliminated. <p><u>A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008 and 2009 to eligible employees in accordance with the following table, provided the employee has seniority as of the designated eligibility date:</u></p> <table><tr><td><u>Eligibility Date</u></td><td><u>Amount</u></td><td><u>Payable during week ending</u></td></tr><tr><td><u>April 28, 2008</u></td><td><u>3% of qualified earnings</u></td><td><u>May 25, 2008</u></td></tr><tr><td><u>April 27, 2009</u></td><td><u>3% of qualified earnings</u></td><td><u>May 24, 2009</u></td></tr></table> <p><u>An employee's Performance Bonus will be based on the Qualified Earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the IUOE-Delphi Agreement.</u></p> <ul style="list-style-type: none">All payroll drafts and EFT's will be dated on Friday.	<u>Eligibility Date</u>	<u>Amount</u>	<u>Payable during week ending</u>	<u>April 28, 2008</u>	<u>3% of qualified earnings</u>	<u>May 25, 2008</u>	<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>
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<u>April 27, 2009</u>	<u>3% of qualified earnings</u>	<u>May 24, 2009</u>								
COLA	<p>There will be no Cost of Living Allowance (COLA) <u>effective July 3, 2006</u>.</p> <p>Paragraphs (95)(a), (95)(b), (95)(c), (95)(d), (95)(e), (95)(f), (95)(g), (95)(h), (95)(i), and (95)(j)of the IUOE-Delphi Agreement will be deleted, and all other references to COLA in other provisions and/or associated documents and all associated</p>									

	Supplemental Agreements, <u>understandings, practices or settlements, written and unwritten</u> , will be eliminated.
Overtime	<p>The overtime provisions of the IUOE-Delphi Agreement shall be modified <u>effective July 3, 2006 or as soon as practicable thereafter</u>, as follows:</p> <ul style="list-style-type: none"> • All overtime shall be payable at time and one half, irrespective of the day of the week in which the time is worked. • Overtime shall be payable only after the employee has worked 40 hours in a pay period. For purposes of this provision, hours paid as vacation and holiday pay shall be counted toward the 40-hour requirement. • Paragraphs (52), (53), (54), (55)(a), (55)(b), (55)(b), (55)(c), (56)(a), (56)(b), (56)(c), (57), (58), (58)(1), (58)(2), (58)(3), (58)(4), (58)(5), (58)(6) AND Appendix C will be deleted, and all other references to computing overtime premium pay in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated. • The amount and nature of any overtime to be worked shall be determined in the sole discretion of the Corporation. Any and all provisions of the IUOE-Delphi Agreements that purport to require overtime, or to limit management discretion to determine overtime requirements, shall be deleted. • All voluntary overtime provisions of the IUOE-Delphi Agreement shall be eliminated.

Shift Premiums	<p>All existing shift premiums under the IUOE-Delphi Agreements shall be paid at five percent (5%) of the applicable base hourly rate <u>effective July 3, 2006 or as soon as practicable thereafter</u>, according to the following schedule:</p> <table data-bbox="602 436 1235 766"> <thead> <tr> <th data-bbox="634 436 878 510"><u>Scheduled Shift Starting Time</u></th><th data-bbox="946 436 1235 510"><u>Amount of Regular Shift Premium</u></th></tr> </thead> <tbody> <tr> <td data-bbox="602 548 902 653">(1) On or after 11:00 a.m. and before 5:00 a.m.</td><td data-bbox="1003 548 1179 583">Five percent</td></tr> <tr> <td data-bbox="602 657 878 762">(2) On or after 5:00 a.m. and before 11:00 a.m.</td><td data-bbox="1052 657 1130 693">None</td></tr> </tbody> </table> <p>Paragraph (58)(6)(b) and all other references to existing shift premiums in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>	<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>	(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent	(2) On or after 5:00 a.m. and before 11:00 a.m.	None
<u>Scheduled Shift Starting Time</u>	<u>Amount of Regular Shift Premium</u>						
(1) On or after 11:00 a.m. and before 5:00 a.m.	Five percent						
(2) On or after 5:00 a.m. and before 11:00 a.m.	None						
Holidays, Vacation and Benefits							
Holidays	<p>On the Effective Date <u>July 1, 2006 or as soon as practicable thereafter</u>, the number of Corporation-paid holidays under the IUOE-Delphi Agreement will be reduced to ten (10) days per year. Delphi will advise the IUOE as to the dates of the ten paid holidays.</p> <p>Paragraphs (84), (84)(a), (84)(b), (84)(c), (88), (89), (89)(a), (89)(b), (89)(c), (91), (93), and (94) of the IUOE-Delphi Agreement will be deleted and all other references to the Christmas Holiday Period in other provisions and/or associated documents and associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>						

Independence Week	<p>The Corporation-paid Independence Week holiday will be eliminated <u>effective July 1, 2006 or as soon as practicable thereafter</u>.</p> <ul style="list-style-type: none"> • At its discretion, annually, the Corporation may designate the week in which the Independence Day holiday falls as a mandatory vacation period. • Employees will use Vacation Entitlement hours, if available, or be granted an unpaid leave of absence for such mandatory vacation period. <p>Appendix F of the IUOE-Delphi Agreement will be deleted and all other references to Independence Week in other provisions and/or associated documents and all associated Supplemental Agreements, <u>understandings, practices or settlements, written or unwritten</u>, will be eliminated.</p>																
Vacation Accrual	<p>Paragraphs (69), (70), (70a), (70)(a)(1), and (70)(a)(2) of the IUOE-Delphi Agreement will be deleted, and all other references to vacation entitlement hours in other provisions and/or associated documents and all associated Supplemental Agreements <u>understandings, practices or settlements, written or unwritten</u>, will be modified to reflect the following vacation accrual schedule:</p> <p>Effective January <u>July 1, 2006 or as soon as practicable thereafter</u>, vacation accrual rates shall be as follows:</p> <table> <tr> <th><u>For an Eligible Employee with Seniority of:</u></th><th><u>Hours of Vacation Entitlement</u></th></tr> <tr> <td>Less than one year</td><td>40</td></tr> <tr> <td>One but less than three years</td><td>60</td></tr> <tr> <td>Three but less than five years</td><td>80</td></tr> <tr> <td>Five but less than ten years</td><td>100</td></tr> <tr> <td>Ten but less than 15 years</td><td>120</td></tr> <tr> <td>Fifteen but less than 20 years</td><td>140</td></tr> <tr> <td>Twenty or more years</td><td>160</td></tr> </table>	<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>	Less than one year	40	One but less than three years	60	Three but less than five years	80	Five but less than ten years	100	Ten but less than 15 years	120	Fifteen but less than 20 years	140	Twenty or more years	160
<u>For an Eligible Employee with Seniority of:</u>	<u>Hours of Vacation Entitlement</u>																
Less than one year	40																
One but less than three years	60																
Three but less than five years	80																
Five but less than ten years	100																
Ten but less than 15 years	120																
Fifteen but less than 20 years	140																
Twenty or more years	160																

Profit Sharing	<p>Applicable terms and conditions of Supplemental Agreement Covering Profit Sharing Plan, Exhibit F-1, shall continue to apply except as follows: <u>including the provision that only “U.S. Operations”, as defined under the 2003 Supplemental Agreement, Exhibit F-1, shall be included in any future calculation of profit sharing amounts.</u></p> <p><u>Calculation of profit sharing amounts will exclude the income and cash effects of any agreements reached among Delphi, its unions and GM regarding the restructuring of Delphi.</u></p> <ul style="list-style-type: none"> • The following Letter Agreements shall be eliminated: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education.
Health Care	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified to discontinue current health care options and replace them with the health care plan generally described in Appendix B <u>effective July 1, 2006 or as soon as practicable thereafter.</u></p> <ul style="list-style-type: none"> • Appropriate modifications and deletions will be made to applicable Exhibits, Articles and Appendices of Exhibit C-1 to conform with the monthly contribution, cost sharing, dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and other provisions contemplated by Appendix B. • Applicable sections of Article III of Exhibit C-1 concerning continuation of health care coverage while not actively at work will be modified to provide for up to a maximum of seven (7) months of continuation following the month the employee is last in active service. • Article V concerning the Special Benefit will be eliminated.

	<ul style="list-style-type: none"> • All Miscellaneous Health Care Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the health care plan described in Appendix B. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Statement of Intent (Representation). ○ Understandings with respect to the following: <ul style="list-style-type: none"> ▪ Dental Coverage; ▪ Vision Coverage; ▪ Utilization Review and Cost Containment; ▪ Employee Contributions - Health Maintenance Organizations(HMOs), and Alternative Dental and Vision Options; ▪ Supplemental Methodology for Review of Health Maintenance Organizations (HMOs), and Alternative Dental and Vision Options, and ▪ Health Care – HMO ○ Letters of Agreement regarding the following subjects: <ul style="list-style-type: none"> ▪ Informed Choice Plan (General); ▪ Pharmacy Quality and Safety Components; ▪ Preferred Provider Organizations; ▪ Improving Benefit Services Through Technology; ▪ Benefits Training and Education;
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	<ul style="list-style-type: none"> ▪ Traditional Care Network; ▪ Community Initiatives; ▪ Vision Network; ▪ Preferred Dental Provider Arrangement; ▪ Fertility Services; ▪ Health Care Communication Strategy; ▪ Mental Health and Substance Abuse Coverage; and ▪ Traditional Care Network. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to providing the health care plan and shall be modified or eliminated as appropriate.</p>
Life and Disability	<p>Applicable terms and conditions of Supplemental Agreement, Exhibit B-1 shall be modified <u>effective July 1, 2006 or as soon as practicable thereafter</u> to:</p> <ul style="list-style-type: none"> • Limit Sickness & Accident benefits to a maximum of 26 weeks of disability; • Allow the determination of total disability, for purposes of benefit eligibility and payment, to be made by the disability administrator; • Eliminate the Impartial Medical Opinion (IMO) program • To make available, on an employee self-pay basis, Extended Disability Benefits for a maximum of 36 months of disability at an amount determined in accordance with Schedule I of the table found in Art. II, 5 of Exhibit B; • To reduce S&A/EDB payable to current and future recipients to an amount proportionate to the new wage rates; • To provide active employees with \$30,000 of Basic Life Insurance. Survivor Income Benefit Insurance and Extra Accident Insurance shall be eliminated; and

	<ul style="list-style-type: none"> • To limit continuation of Life Insurance while not actively at work to a maximum of 6 months after the month following the month the employee was last in active service. <p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • IMO Letter; and • Reinstated S&A Letter. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the program described above and shall be modified or eliminated as appropriate.</p>
Job Security and Severance	
Right to Sell, Close or Consolidate Facilities	<p>Any provisions of existing agreements that inhibit the Corporation's ability to close, or partially or wholly sell, spin-off, split-off, consolidate or otherwise dispose in any form any plant, asset or business unit of any type shall be eliminated.</p> <p>In the event the Corporation sells a facility, it shall use its best effort to obtain the purchaser's agreement to hire existing Delphi employees at the facility.</p>
Successorship	<p>Any provisions of the existing IUOE-Delphi Agreements that would require a purchaser of Corporation facilities to assume existing collective bargaining agreements and/or recognize the IUOE shall be eliminated.</p>
Elimination of Protected Status (JOBS Bank)	<p>Appendix H, Memorandum of Understanding Employment Security and any and all related provisions of the existing IUOE-Delphi Agreements, shall be eliminated. The Corporation shall have the right immediately to <u>indefinitely lay off all excess employees, including those employees currently on Protected Status (JOBS Bank).</u></p>

Hiring Requirements	All hiring requirements accrued as of the Effective Date of this agreement will be canceled. All provisions of the Agreements, <u>associated documents, associated Supplemental Agreements and any understandings, practices or settlements, written or unwritten,</u> that would impose ongoing or future hiring commitments or obligations will be eliminated, including apprentices of the IUOE-Delphi Agreement.
Need to Run Employment Levels	The Corporation shall have sole discretion to determine the number of employees required at each facility, and to lay off or release employees who are unnecessary to the operation. All employment security, income security or other provisions of the existing agreements, <u>documents, understandings, practices or settlements, written or unwritten,</u> that restrict this right shall be eliminated.
Hiring	<p>If employees are required, <u>the order of selection for filling openings</u> it will be solely at Delphi's discretion and may be to add a new hire, <u>or a temporary employee or an employee from another Delphi plant that is no longer required.</u></p> <p>During the course of an attrition program or in the event of an insufficient number of employees, <u>Delphi and the IUOE may agree to use separated employees as</u> the Corporation will meet and confer with the union to discuss the use of contract service personnel on a case by case basis.</p>
Relocation Allowance	On a case-by-case basis, Delphi employees transferring from a Delphi plant to a Delphi plant may be eligible for Relocation Allowance based on actual expenses incurred, up to a maximum of \$10,000.
Outsourcing	Any provisions of the existing agreements that restrict the Corporation's right to source work, shall be eliminated.
<u>Severance Buyout Payments to Sever Employment</u>	<p>The Corporation will discuss implementation of affordable severance pay provisions for provisions for employees who are no longer required with no prospect of recall in the foreseeable future. <u>A lump sum buyout payment in the amount of \$140,000 will be available for active employees with 10 or more years of seniority or \$70,000 for active employees with less than 10 years of seniority. Acceptance of such buyout payments will sever all ties with Delphi with the exception of any vested pension benefits. Eligibility for buyout payments shall be contingent upon execution of an agreement documenting the terms of the payment, including a full release of any claims against Delphi.</u></p>

	<p><u>Buyout payments are only applicable during the transformation period and in no case will extend beyond December 31, 2007. The application period, timing of buyouts, release dates and number of sign-up dates will be jointly determined by Delphi and the IUOE. These dates may vary by location.</u></p> <p><u>Delphi's ability to provide buyout payments is contingent upon financial support from GM. In the absence of such support, the Corporation will discuss implementation of affordable severance pay provisions.</u></p>
Indirect Employees	<p>The Corporation shall have sole discretion to determine the type and number of non-production employees required at each facility, and the work to be assigned to such employees.</p> <p>Any and all references restricting the Corporation's discretion in the utilization of indirect employees this matter in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p> <p>Subcontracting Provisions of the IUOE-Delphi Agreement and all other provisions and/or associated documents and all associated Supplemental Agreements will be modified to refer only to core activities that directly support production activities.</p>

	<p>Full utilization of skilled trades will apply only to core activities which directly support production operations and/or the maintenance and repair of plant equipment, and which can be performed competitively and within the required time frame. All other non-core skilled trades work will be outsourced or subcontracted <u>by September 1, 2007 or as soon thereafter as practicable</u>, such as but not limited to:</p> <ul style="list-style-type: none"> • Machine re-build; • Building and facilities maintenance; • Carpentry and painting; and • Construction and rearrangement of facilities. <p>An affected trade that is scheduled to work 408 hours per week will be considered “fully utilized”. Any monetary claims related to full utilization will be limited to the number of hours of work allegedly lost to the bargaining unit.</p> <p>Indirect activities, both skilled and non-skilled, which are not competitive or which are not required for immediate support of production activities will be outsourced, contracted or eliminated, such as but not limited to:</p> <ul style="list-style-type: none"> • Janitorial services.
Income Security Plan	Applicable terms and conditions of Supplemental Agreement, Exhibit D-1, and all local agreements that concern any income security plans, benefits, payments or practices shall be modified to close the plan to new participants and eliminate any future Corporation contributions to individual accounts.
Guaranteed Income Stream Benefits	The Supplemental Agreement Covering Guaranteed Income Stream Benefit Program, Exhibit E-1, shall be eliminated.
Temporary Employees	The Corporation, at its discretion, may hire temporary employees as required.

Other Provisions	
Attendance	<p>The Corporation's attendance policies shall be revised as follows:</p> <ul style="list-style-type: none"> • The Corporation may implement a no-fault attendance policy under which all employee absence/tardiness are tracked including leaves of absence. After reaching defined thresholds, the employees will be subject to automatic, non-grievable corrective disciplinary action, ultimately leading to discharge. The program will also have a mechanism for reducing further disciplinary action based on improved attendance. • All restrictions on the Corporation's administration, including any I Agreements or Understandings, of the Family and Medical Leave Act shall be eliminated. • Appendix B of the IUOE-Delphi Agreement will be deleted, and all other references to attendance and Family and Medical Leave Act policies in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated. • The Corporation may reduce vacation pay and holiday pay by the same percentage as an employee's absence during scheduled work hours during the previous year, including time on leave.
Subsidized Discount Programs	<p>Any and all provisions of the IUOE-Delphi Agreements that require expenditures by Delphi for personal items shall be eliminated. Such provisions include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Corporation-paid health club memberships; • Discount programs subsidized by Delphi such as AOL; and • Clothing allowances.

IUOE Representation and Support	
Funding and Joint Fund Accruals	<p>Appendix A(3), Tuition Assistance Plan, and Appendix A(14), Dependent Tuition Assistance, will be terminated <u>effective July 1, 2006</u>. The Quality Network Process will be merged with the Delphi Manufacturing System.</p> <p>Any and all reference to education, training, and development in other provisions and/or associated documents and all Supplemental Agreements will be eliminated.</p>
Union Representation	<p>The union representation provisions of the IUOE-Delphi Agreements shall be revised as follows:</p> <ul style="list-style-type: none"> • Union representatives as defined in Paragraphs (18) and (19) of the IUOE-Delphi Agreement will be eliminated. The Union may designate one (1) Union representative. This representative shall function as chairperson. Employees will not be permitted to function in a union representative capacity without the consent of local management. • Representatives with no Grievance Procedure responsibilities (i.e. joint activities only) will not work overtime for representation purposes, but will be eligible equalize overtime within their respective equalization groups. • All other references to the number of Union representatives, paid time for union representatives, and/or overtime for union representatives in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.
No-Strike Provisions	<p>No strikes, work stoppages, or slowdowns <u>or picketing</u> shall be permitted during the term of the IUOE-Delphi Agreements as modified by this Term Sheet.</p> <p>Paragraphs (96) and (97) of the IUOE-Delphi Agreement and other references to strikes in other provisions and/or associated documents and all associated Supplemental Agreements will be eliminated.</p>

Personal Savings Plan	<p>Applicable terms and conditions of Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, shall continue to apply.</p> <ul style="list-style-type: none"> • All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted: <ul style="list-style-type: none"> ○ Improving Benefit Services Through Technology; and ○ Benefits Training and Education. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the plan described above and shall be modified or eliminated as appropriate.</p> <p><u>Applicable terms and conditions of the Supplemental Agreement Covering Personal Savings Plan, Exhibit G-1, will also be modified to provide the following:</u></p> <ul style="list-style-type: none"> • <u>All employees hired on or after the effective date of this term sheet; and</u> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, all employees covered under the HRP</u> • <u>For such employees the Corporation will provide a base contribution and a match of employees' savings</u> • <u>Employees not eligible under the foregoing definition shall not be entitled to any benefit</u> • <u>Provision of these defined contribution benefits is contingent upon financial support from GM. In the absence of such support, the Corporation will implement a defined contribution benefit for future benefit accruals, where appropriate.</u>
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Pension	
Hourly-Rate Employees Pension Plan	<p>Applicable terms and conditions of Exhibit A-1 Covering Pension Plan shall be eliminated or modified:</p> <ul style="list-style-type: none"> • Freeze the Delphi Hourly-Rate Employees Pension Plan (HRP) which includes and the Individual Retirement Plan effective January<u>October</u> 1, 2006. • As of the freeze date, HRP participants will accrue no additional credited service for purposes of calculating their benefits; • As of the freeze date, no new participants will be allowed to join the HRP; • The HRP will pay only those benefits specifically required by ERISA; • Eliminate the Special Benefit; and • Implement a defined contribution benefit, where appropriate.
	<p>All Miscellaneous Program Documents and Unpublished Letters will be reviewed for conformity to the administration of the provisions described above. Specifically, the following Documents and Letters shall be deleted:</p> <ul style="list-style-type: none"> • Statement of Intent (Representation); • Improving Benefit Services Through Technology; • Benefits Training and Education; • Workers Compensation; • Lump-Sum Payment; • Social Security; and • Total and Permanent Disability – Return to Work. <p>Other Miscellaneous Documents and Unpublished Letters shall be reviewed to determine if they are essential to administering the HRP described above and shall be modified or eliminated as appropriate.</p>

Potential Termination of Employees Pension Plan	The Company reserves the right while in Chapter 11 to seek a distress termination of the HRP in the event that it determines that it cannot maintain the HRP under the applicable legal standards for such a termination. The Corporation shall make this decision based on (1) updated financial forecasts during the Chapter 11 case; and (2) the Company's ability to fund the HRP.
Other Post-Employment Benefits (OPEB)	
Health Care (Active Employees and Retirees)	<p>Applicable terms and conditions of Supplemental Agreement Covering Health Care Program, Exhibit C-1, shall be modified <u>effective July 1, 2006</u> to eliminate any obligation the Corporation may have to provide active employees and Retirees with Corporation contributions for and access to the Delphi Corporation Health Care Program for Hourly Employees during retirement.</p> <p><u>Subject to GM financial support, the Corporation will implement the following provision:</u></p> <ul style="list-style-type: none"> • <u>Effective October 1, 2006, concurrent with the freezing of the HRP, the Corporation shall establish a Retiree Medical Account for all employees who are eligible for Corporation contributions for health care in retirement. Additionally, for such employees the Retiree Medical Account will be credited a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP.</u>
Retiree Life Insurance– (Active Employees)	Applicable terms and conditions Supplemental Agreement Covering Life and Disability Benefits Program, Exhibit B-1, shall be modified to eliminate Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance in retirement. Retirees may continue any employee-paid coverages for which they were enrolled at the point of retirement.
Retiree Life Insurance– (Retirees)	Basic Life Insurance, Survivor Income Benefit Insurance and Extra Accident Insurance for current Retirees shall be eliminated. Retirees will be allowed to continue any employee-paid coverages for which they are enrolled.
Other Agreements	
Effect on Other Agreements	The IUOE-Delphi Agreements, as modified by this Term Sheet, shall supersede and control all other Agreements between the IUOE local units and Delphi or any of its divisions.

	Upon execution of this Term Sheet by the national parties, any provisions of the Agreements which are inconsistent with this Term Sheet shall be deemed to have been eliminated.
Competitive Operating Agreements	<p><u>Beginning no later than May 1, 2006 and concluding no later than July 1, 2006, Within 90 days following ratification of this Term Sheet,</u> Agreements at the plant covered by the IAM-Delphi Agreement will be revised, pursuant to local negotiations, to (1) reflect the provisions of this Term Sheet, and (2) adopt a Competitive Operating Agreement, <u>provided, however, that local negotiations will not be conducted for plants that the Corporation intends to sell, close or wind-down by December 31, 2007.</u></p> <p>The Competitive Operating Agreement will address, but not be limited to, issues such as:</p> <ul style="list-style-type: none"> ○ Number of classifications, and efficient use of both production and skilled trades employees; ○ Frequency of employee movement, including freezing transfers during product launches; ○ Overtime equalization practices that are cumbersome, inefficient and/or non-competitive; and ○ Local practices and work rules that are non-competitive, including but not limited, to the elimination of all forms of pay for time not worked (e.g., wash-up time, early quits).

Local Innovation	<p>The Corporation may seek, and the IUOE Local Union may agree to other changes that are justified by local competitive conditions or necessary to make local operations viable:</p> <ul style="list-style-type: none"> Locally competitive wage rates and/or benefit plans – subject to Corporate approval. <p>Alternative Work Schedules:</p> <ul style="list-style-type: none"> The following alternative work schedules are pre-approved and available for local use with no overtime payable for the first 40 hours worked each week. <ul style="list-style-type: none"> 3-Crew, 2-Shift 4-Crew, 2-shift Four days x ten hours Weekend crew The Local Parties may develop other work schedules to meet particular local requirements, subject to approval by the Corporation and the International Union.
Living Agreement Provisions	All IUOE-Delphi agreements that do not have an expiration date shall be amended to expire coterminously with this Agreement.
Miscellaneous Provisions	
Definitive Documentation	<p>This Term Sheet is intended only to describe the basic modifications to the current IUOE-Delphi Agreements that are necessary for the reorganization of the Corporation under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 20056 IUOE-Delphi Agreements, within 60 days of the execution of this term sheet. The parties further agree that in drafting final contract language, they will eliminate or modify any provisions of the current IUOE-Delphi Agreement that are inconsistent with this term sheet or which would preclude the Corporation from obtaining the full savings sought by this proposal.</p>

No Assumption / Right to Refile 1113 and 1114 Motions	<p>Nothing contained herein shall constitute an assumption of any <u>agreement described herein, nor any modified collective bargaining agreement between the IBEW and Delphi, nor shall anything herein be deemed to convert a prepetition claim into a postpetition claim or an administrative expense.</u> In the event that changes in the Corporation's financial condition or other relevant conditions require, the Corporation shall have the right while in Chapter 11 to seek further relief under Sections 1113 and 1114 of the Bankruptcy Code.</p>
Dispute Resolution	<p>Disputes, local and national, between the National Parties on matters involving the application or interpretation of this Term Sheet will be reviewed by a Joint Committee consisting of one (1) member appointed by the IUOE and one (1) member appointed by the Vice President, Human Resources Management, Delphi Corporation.</p> <ul style="list-style-type: none"> • The Joint Committee shall meet as required. Delphi will provide information as necessary on any issues raised for discussion or resolution. <p>The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, may be outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, it will refer the matter directly to arbitration, using the arbitration provisions contained in the IUOE-Delphi Rochester Agreement.</p>
Complete Agreement and Waiver	<p>The Corporation and the IUOE acknowledge that during the negotiations which resulted in this Term Sheet and agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Term Sheet. Therefore, the Corporation and the IUOE agree that for the life of the agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to, or covered in the agreement, or with respect to any subject or matter not specifically referred to or covered in the agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or</p>

	signed this Term Sheet or agreement. This Term Sheet represents the complete and total agreement of the Corporation and the IUOE as to all modifications to the existing IUOE-Delphi Agreements, and each party voluntarily and unqualifiedly waives the right to raise claims to the contrary.
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Executed ____ day of _____, 20056.

FOR INTERNATIONAL UNION OF
OPERATING ENGINEERS

FOR DELPHI CORPORATION

APPENDIX A-1 – WAGES

Subject to GM financial support, the following wage rates will apply for current Delphi employees as follows:

Effective July 3, 2006 base wage rates will be reduced to an average of \$28.00 per hour for all current skilled employees. The specific base wage rates will be provided to the IBEW in a separate document.

Employees in a plant that Delphi intends to sell, close or wind down by December 31, 2007 will remain at the base wage rates detailed above until their separation as a part of such sale, closure or wind-down.

Effective September 3, 2007, base wage rates for employees in plants that Delphi does not intend to sell, close or wind down by December 31, 2007 will be reduced to an average of \$24.00 per hour for skilled employees. Affected employees will receive a one-time buydown payment of \$50,000 effective September 3, 2007.

The following wage rates apply to new hires on or after the effective date of this Term Sheet. There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

The Apprentice Rate Schedule is set forth as follows:

**Apprentice
Training Period**

Hourly Rate*

1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX A-2 – WAGES

In the event of insufficient GM financial support for the wages set forth in Appendix A-1, the following shall apply to all employees:

There ~~is~~will be one (1) skilled wage rate. Employees will receive the following rates of pay:

	<u>Skilled</u>
Base Rates -	\$21.50
New Hire Rates -	\$19.50

New hire employees will receive an increase at the expiration of every 26 weeks worked from the date of hire until the full rate is attained. The applicable rate, including the amount of each increase is set forth in the table below:

<u>Number of Weeks</u>	<u>Skilled</u>
0 – 26	\$19.50
27 – 52	\$20.00
53 – 78	\$20.50
79 – 104	\$21.00
105 – 130	\$21.50

Current Delphi employees will be paid according to the above schedule based on their Delphi seniority date, and skilled trades date, if applicable.

The Apprentice Rate Schedule is set forth as follows:

<u>Apprentice Training Period</u>	<u>Hourly Rate*</u>
1st 916 Hours	\$12.00
2nd 916 Hours	\$12.50
3rd 916Hours	\$12.50 plus 9% of "Rate Difference"
4th 916 Hours	\$12.50 plus 20% of "Rate Difference"
5th 916 Hours	\$12.50 plus 33% of "Rate Difference"
6th 916 Hours	\$12.50 plus 48% of "Rate Difference"
7th 916 Hours	\$12.50 plus 66% of "Rate Difference"
8th 916 Hours	\$12.50 plus 86% of "Rate Difference"

*The "Rate Difference" shall be determined by subtracting the hourly rate for the 2nd 1040 hours from the maximum rate for the skilled classification for which the apprentice is in training. Resultant rates shall be rounded to the nearest 1 cent.

Upon graduation, apprentices will receive an increase, if retained, to the midpoint of the rate range for the skilled classification to which they are assigned.

APPENDIX B – HEALTH CARE

- Medical and Prescription Drugs
 - Dependent eligibility, scope and level of benefits, coordination of benefits, utilization management and general administrative provisions will be substantially the same as the current Basic Medical Plan provided to salaried enrollees.
 - Monthly contributions will be required and will be based on the cost of the health plan and certain other factors including, but not limited to, the number of people covered, the status of the primary enrollee, etc.
 - Monthly contributions, medical cost sharing and prescription drug cost sharing will be adjusted annually to account for any increase in the cost of providing the health care plan.
 - Medical Cost Sharing
 - In-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 20% Employee/ 80% Plan
 - Out-of-Pocket Max: \$1,500 Individual/ \$3,000 Family
 - Out-of-Network
 - Deductibles: \$450 Individual/ \$900 Family
 - Copayment: 40% Employee/ 60% Plan
 - Out-of-Pocket Max: None
 - Prescription Drug Cost Sharing
 - Retail: \$10 Generic/ \$20 Formulary Brand/ \$40 Non-formulary Brand
 - Mail: \$20 Generic/ \$45 Formulary Brand/ \$90 Non-formulary Brand
 - Out-of-network cost sharing is higher
 - Mandatory generic, maintenance at mail and utilization management provisions apply

- Monthly Contributions for Medical/Prescription Drug Coverage
 - Employee: \$ 65
 - Employee + Spouse: \$130
 - Employee + Child(ren): \$125
 - Employee + Family \$180
- Other affordable health plan designs may be offered in the future.

Subject to GM financial support, the Dental Plan will be modified as follows:

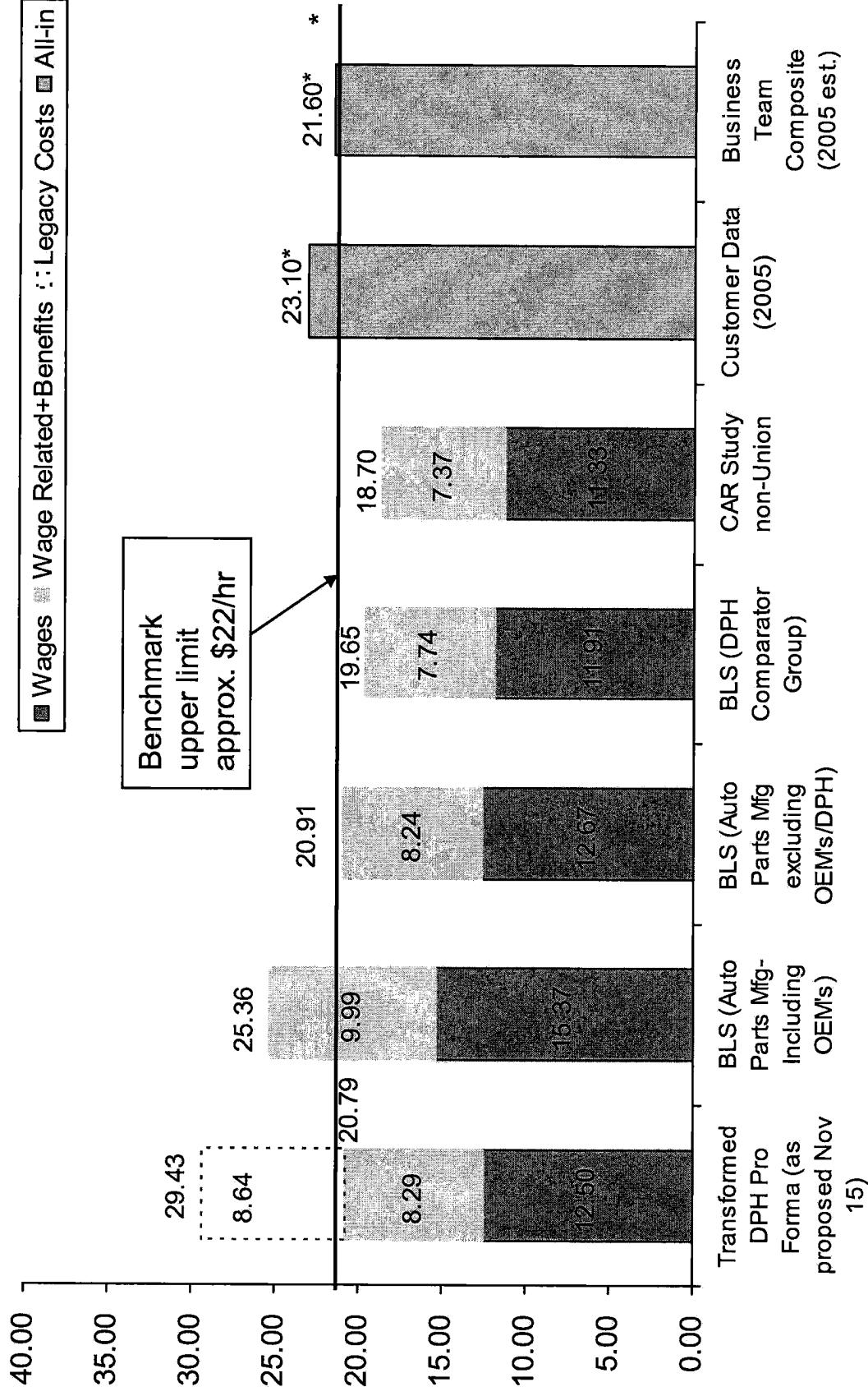
- Deductible None
- Annual Maximum \$1,700 per person
- Plan Payment – In-Network
 - Preventative 100%
 - Basic 80%
 - Major 50%
 - Orthodontia 50%
- Plan Payment – Out-of-Network
 - Preventative 100%
 - Basic 70%
 - Major None
 - Orthodontia None
- Orthodontia Lifetime Maximum \$2,000 per person
- Monthly Contribution
 - Employee \$5
 - Employee + Spouse \$10
 - Employee + Child(ren) \$10
 - Employee + Family \$15

- ~~Dental – Not provided~~
- Vision – Not provided

Exhibit J

Cost Per Hour

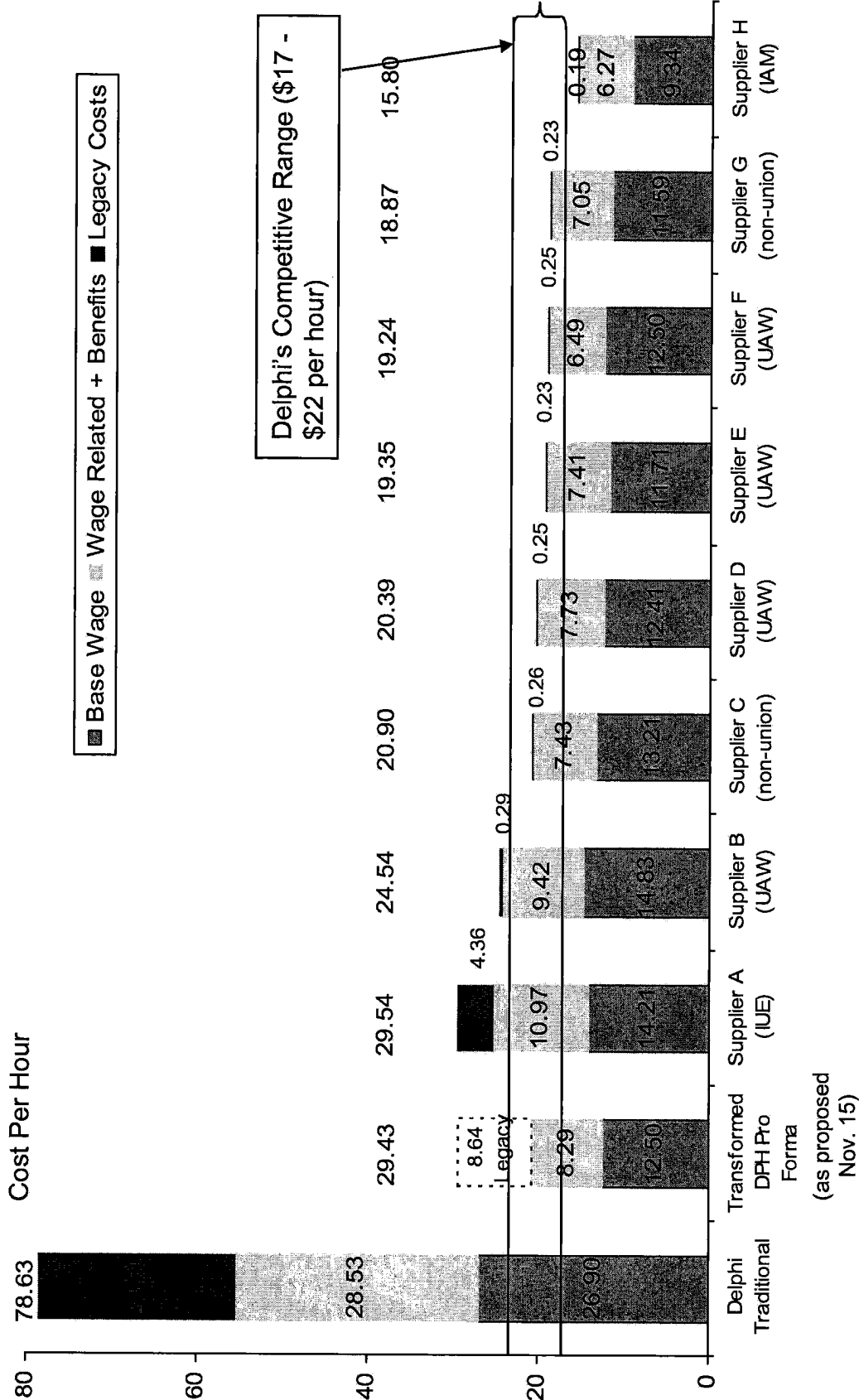
Comparison of Delphi's Costs to Competitors



* Reflects weighted average of available data-mature suppliers (2005 economics)

Exhibit K

Comparison of Delphi's Costs to Competitors



Competitor benefit costs are estimated based on relative comparisons to Delphi's existing plans and demographics. Competitor demographics and financial policies can have a substantial impact on the competitor cost structure, both higher and lower.

Exhibit L

Production Employee "Pennysheet" for November 15, 2005 Proposal - PROFORMA BASIS⁽¹⁾

	Nov 15, 2005 Proposal (1)
	Est 2006 Proforma
Straight Time	12.50
COLA	-
Base Wages	12.50
Wage Related (e.g. overtime/premiums)	2.31
Total Wage & Related	14.81
Total Legally Required	1.79
Pension Plan	0.38
OPEB	0.07
Medical Ins. Pay as you go	3.43
Other Benefits	0.31
Total Benefits	4.19
Subtotal	20.79
	Fixed/Legacy cost excluded from display

(1)2006 proforma cost per hour for a production employee; assumes implementation in January 2006 in order to reflect a full calendar year impact of proposed contract terms;
 excludes impact of contract workers