

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

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IN RE: DELPHI CORPORATION : MDL No. 1725
SECURITIES, DERIVATIVE & “ERISA” : Master Case No. 05-md-1725
LITIGATION : Hon. Gerald E. Rosen
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This Document Relates to:
In Re: Delphi Corp. Securities Litig.
No. 06-10026, and Case Nos.
06-10025, 06-10027, 06-10028,
06-10029, 06-10030, 06-10031, and
06-10032
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**NOTICE OF PROPOSED SECOND MODIFICATION TO THE TERMS OF THE
SETTLEMENT WITH CERTAIN DEFENDANTS**

This notice provides important information concerning modifications to the settlement with certain defendants (the “Settlement”) in the above-captioned action (the “Delphi Securities Action”) brought against Delphi Corporation (“Delphi”) and other persons and entities (identified below) relating to publicly traded securities issued by Delphi during the period described below. Your rights may be affected by this notice. You should read this notice carefully.

TO: The “Class,” consisting of all persons and entities who purchased or otherwise acquired publicly traded securities of Delphi Corporation, including securities issued by Delphi Trust I and Delphi Trust II (“Delphi Securities”), during the period between March 7, 2000 and March 3, 2005, inclusive (the “Class Period”), and who suffered damages thereby, including all persons and entities who acquired shares of Delphi common stock and preferred stock in the secondary market and all persons or entities who acquired debt securities of Delphi in the secondary market or pursuant to a registration statement.

You or someone in your family may have purchased or otherwise acquired Delphi Securities between March 7, 2000 and March 3, 2005, inclusive. If the description above applies to you, you may be part of the Class and may have a right to know about the modifications to the Settlement of the Delphi Securities Action and about all of your options.

YOU ARE HEREBY NOTIFIED that Lead Plaintiffs Teachers' Retirement System of Oklahoma, Public Employees' Retirement System of Mississippi, Raiffeisen Kapitalanlage-Gesellschaft m.b.H., and Stichting Pensioenfonds ABP (collectively, the "Lead Plaintiffs") and Defendants Delphi Corporation ("Delphi"); Delphi Trust I and Delphi Trust II; J.T. Battenberg III, John G. Blahnik, Robert H. Brust, Virgis W. Colbert, Alan S. Dawes, David N. Farr, Paul R. Free, Bernd Gottschalk, Susan A. McLaughlin, Oscar de Paula Bernardes Neto, Cynthia A. Niekamp, John D. Opie, Roger S. Penske, Donald L. Runkle, John D. Sheehan, and Patricia C. Sultz (collectively, the "Delphi Officer and Director Defendants"); and Banc of America Securities LLC, Barclays Capital Inc., Bear, Stearns & Co. Incorporated, Citigroup Global Markets, Credit Suisse Securities (USA) LLC (f/k/a Credit Suisse First Boston Corporation), Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, UBS Securities LLC, and Wachovia Capital Markets, LLC (collectively, the "Underwriter Defendants") have proposed a second modification ("Second Modification") to the terms of the Settlement in the Delphi Securities Action which has been presented to, and tentatively approved by, the Court. This Second Modification amends the Settlement terms set forth in the Stipulation and Agreement of Settlement With Certain Defendants (the "Stipulation") dated August 31, 2007, as amended by the parties on January 11, 2008 in the Stipulation Modifying Agreement of Settlement With Certain Defendants (the "First Modification"). Unless stated otherwise, all capitalized terms herein are as defined in the Stipulation, as modified by the First Modification and the Second Modification.

A. PROCEDURAL HISTORY OF THE SETTLEMENT

On August 31, 2007, the parties executed the Stipulation which provided for a final settlement and resolution of the Settled Claims against the Released Parties. On September 5,

2007, the Court preliminarily approved the Settlement, and on November 13, 2007, after notice was provided to the Class, conducted a fairness hearing concerning final approval of the Settlement.

In the interim, on September 6, 2007, Delphi filed in the Bankruptcy Court its Joint Plan of Reorganization (“Plan”) which included the Stipulation as an exhibit thereto. Consistent with the Stipulation, on September 7, 2007, Delphi filed a motion in the Bankruptcy Court seeking approval of the Settlement. On October 29, 2007, the Bankruptcy Court preliminarily approved the Settlement and scheduled the matter for final consideration to be heard in conjunction with Delphi’s confirmation hearing concerning the Plan.

Throughout the confirmation process, Delphi filed certain amendments to the Plan to reflect agreements with Delphi’s key stakeholders and obtain their support of the Plan. As a result of those amendments, Delphi and the Lead Plaintiffs agreed to modify the Stipulation, subject to the approval of the Court and the Bankruptcy Court, with respect to the consideration to be provided by Delphi thereunder: The parties agreed that the aggregate face amount of the Section 510(b) Claim would be reduced, and that Delphi would cause to be paid, pursuant to an agreement with a certain third-party, \$15 million in cash (the “\$15 Million Payment”) to the Escrow Agent subsequent to the Effective Date of the Plan, and would establish a process by which the Lead Plaintiffs, as representatives of the Class, might exercise the rights distributed to them under the discount rights offering contemplated by the Plan.

At a hearing on December 4, 2007, the District Court found that the proposed modifications to the Stipulation had at least a neutral impact upon the Class and potentially provided a net benefit to the Class, and tentatively approved the modifications subject to final consideration after publication of a supplemental notice affording Class Members an opportunity

to object solely to the modifications, as specified by the Court. No objections were received by Lead Plaintiffs or filed with the Court in connection with these modifications.

On January 11, 2008, the parties executed the First Modification memorializing the modifications tentatively approved by the Court. The Court granted final approval of the Settlement, as modified by the First Modification, in an opinion and order issued on January 10, 2008 and amended on January 11, 2008.

On January 23, 2008, the Court entered an Order and Final Judgment dismissing with prejudice the Complaint in its entirety against Delphi, the Delphi Officer and Director Defendants, the Underwriter Defendants, and defendants Thomas Wyman and Shoichiro Irimajiri without costs, except as provided in the Stipulation. On the same day, the Court entered an Order and Final Judgment dismissing with prejudice all claims in the complaint in the Delphi ERISA Action against all defendants in that action other than State Street Bank and Trust Company.

On January 25, 2008, the Bankruptcy Court entered an order confirming the Plan (the “Confirmation Order”) and approving the Settlement, as modified by the First Modification.

B. REASONS FOR AND TERMS OF THE SECOND MODIFICATION

1. Reasons for the Second Modification

Although approved by the Bankruptcy Court and the Court, the Settlement, as modified by the First Modification, could not by its terms become effective until the Bankruptcy Effective Date, which would occur upon substantial consummation of the Plan of Reorganization in Delphi’s bankruptcy proceeding. Delphi has continued to work with its stakeholders to complete its restructuring efforts; nonetheless, the Plan of Reorganization originally approved by the Bankruptcy Court in the Confirmation Order will not be consummated, and thus, the Settlement, as modified by the First Modification, cannot become effective according to its terms. As a result,

the parties to the Stipulation and the First Modification determined that, based upon (i) the dramatic change in Delphi's circumstances since they entered into the First Modification, including the catastrophic downturn in the economy, and in the auto industry in particular, and (ii) the fact that the Bankruptcy Effective Date will not occur with respect to the Plan that was the subject of the Confirmation Order entered in January 2008, it is in their best interests to enter into the Second Modification, to, *inter alia*, make the releases granted in the Settlement effective, and to allow for distribution to the Class of the cash held in escrow without regard to consummation of Delphi's plan of reorganization in the bankruptcy proceeding. Without the Second Modification, the cash payments would remain in escrow indefinitely and the Effective Date as originally contemplated would never occur.

In sum, this Second Modification will allow Class Members to finally receive distribution of settlement funds that they are entitled to receive.

2. Terms of the Second Modification

On July 10, 2009, the parties to the Stipulation and First Modification entered into the Second Modification, which amended the Settlement as follows:

The Section 510(b) Claim granted to the Class pursuant to the Stipulation and the First Modification will remain allowed in the same aggregate face amount as set forth in the First Modification, but will not be guaranteed any particular treatment or classification, and instead will be a claim to be classified under the Delphi Plan of Reorganization subject to further modifications and/or rulings of the Bankruptcy Court except as to the aggregate face amount of the Section 510(b) Claim. Under the terms of Delphi's new plan of reorganization confirmed by the Bankruptcy Court in July 2009, the Section 510(b) Claim has no value. Regardless of the treatment and classification of the Section 510(b) Claim, however, the Settlement, as modified by the First

Modification and the Second Modification, will be effective and final as of the Effective Date set forth in the Stipulation, as modified by the First Modification and the Second Modification.

With respect to the \$15 Million Payment provided for in the First Modification, the parties have agreed that, since they entered into the First Modification, circumstances have changed dramatically such that it is no longer possible for Delphi to cause to be paid to the Escrow Agent the \$15 Million Payment pursuant to an agreement with a third party, which itself has filed for bankruptcy protection.

The Second Modification further provides that the Settlement will become effective upon the entry of an order by each of the Bankruptcy Court and the Court approving the Second Modification (and the corresponding modification to the settlement of the ERISA Action), and such orders becoming Final, independent of the occurrence of the Bankruptcy Effective Date and/or substantial consummation of Delphi's plan of reorganization.

The parties disagree on the amount of damages, if any, that could have been recovered if the Class prevailed on each claim at trial. As the Section 510(b) Claim has no value under the plan of reorganization confirmed by the Bankruptcy Court in July 2009, the aggregate amount of the settlement consideration is no less than \$90.1 million. Based upon the claims submitted by Class Members to date, Lead Plaintiffs estimate that the average payment to Class Members would be no less than \$0.13 per share of Delphi common stock, after taking into consideration the relative average payment that would be paid to Authorized Claimants who purchased Delphi Notes during the Class Period.

Co- Lead Counsel were previously awarded attorneys' fees of 18% of the Gross Settlement Fund and reimbursement of costs and expenses in the amount of \$1.3 million. The average

reduction to the recovery per share of Delphi common stock attributable to the Court-awarded attorneys' fees and expenses is approximately \$0.02.

C. CLASS MEMBERS' RIGHTS AND OBLIGATIONS

A hearing will be held before the Honorable Gerald E. Rosen in the United States District Court for the Eastern District of Michigan, Southern Division, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, Michigan 48226, in Courtroom 733, at 1:00 p.m., on November 16, 2009 (the "Hearing") to determine whether: (1) the Second Modification should be approved by the Court as fair, reasonable and adequate; (2) Judgment should be entered pursuant to the Second Modification; and (3) such other matters as the Court deems appropriate to rule upon.

If you are a Class Member, you may object to any aspect of the proposed Second Modification. To object, you must send a letter stating that you are a Class Member, that you object to the Second Modification in *In re Delphi Securities, Derivative and ERISA Litigation*, MDL No. 1725, Case No. 05-md-1725, and the reasons why you object. In your objection, you must include your name, address, telephone number and your signature. You must also include information concerning your transactions in Delphi Securities during the Class Period, including the dates, prices paid or received and amounts purchased, acquired or sold and held at the end of the Class Period, so that the Court may determine that you are part of the Class and have an economic interest in any aspect of the Settlement. If you intend to present any witnesses at the Hearing, you must also so state. Your objection must be filed with the Court and received by the counsel listed below no later than November 2, 2009.

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MILLER, CANFIELD, PADDOCK and STONE, PLC

Thomas W. Cranmer
Matthew P. Allen
150 W. Jefferson, Suite 2500
Detroit, MI 48226

You may also exclude yourself from the Class and the Settlement, as modified by the First Modification and the Second Modification. To do so, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *In re Delphi Securities, Derivative and ERISA Litigation*, MDL No. 1725, Case No. 05-md-1725. If you wish to exclude yourself from

the Class, be sure to include your name, address, telephone number and signature, and mail your exclusion request postmarked no later than November 2, 2009 to:

In re Delphi Corporation Securities Litigation Settlement
c/o The Garden City Group, Inc.
Exclusions
Claims Administrator
P.O. Box 9185
Dublin, OH 43017-4185

Requests for exclusion must also list the amount and type of all Delphi Securities purchased, acquired or sold during the Class Period, the prices paid or received, the date of each transaction and the amount or number of Delphi Securities held as of the beginning of the Class Period on March 7, 2000 and at the end of the Class Period on March 3, 2005.

You cannot exclude yourself on the website, by telephone or by e-mail. If you do not follow these procedures – including meeting the deadline for exclusion set out above – you will not be excluded from the Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlement. If you wish to be excluded, you must request exclusion even if you already have a pending case against any of the Released Parties based upon any Settled Claims.

It is very important to understand that under the circumstances of the Delphi Bankruptcy Case and Delphi's Plan of Reorganization, submitting a request for exclusion from the Settlement will not necessarily entitle you to pursue any Settled Claim against any Released Party. If your desire is to pursue your own litigation against any of the Released Parties, you should consult with your counsel prior to excluding yourself.

If you request to be excluded, you will not receive a Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit or

the Settlement. You will also not participate in any recovery resulting from the Contingent Payment.

D. ATTORNEYS' FEES AND EXPENSES

The Court granted final approval of the Settlement, as modified by the First Modification, in an opinion and order issued on January 10, 2008 and amended on January 11, 2008. By the same order, the Court awarded Lead Plaintiffs' Counsel attorneys' fees in the amount of 18% of the Gross Settlement Fund and \$1.3 million in costs and expenses. Lead Plaintiffs' Counsel have not requested any additional fees and expenses in connection with the Second Modification.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

The Court has ordered that if you purchased or acquired Delphi Securities during the Class Period as nominee for a beneficial owner, then within seven (7) calendar days after you receive the Notice, you must either: (a) send a copy of the Notice by first class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Claims Administrator at the following address so that the Claims Administrator can provide them with a copy of the Notice:

In re Delphi Corporation Securities Litigation Settlement
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9185
Dublin, OH 43017-4185

You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation.

GETTING MORE INFORMATION

This notice summarizes the proposed terms of the Second Modification. More details are contained in the Second Modification itself, which is available at www.delphiclasssettlement.com, along with the Stipulation, the First Modification and the original notice mailed to the Class which provide additional information concerning the Settlement. If you have questions regarding how to obtain copies of documents related to the Settlement, you may write to The Garden City Group, Inc. at the address listed above or call toll free at (800) 918-0998.

By Order of the Court