



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JAN 13 2010

January 5, 2010

The Honorable Louise Slaughter
Congress of the United States
Washington, D.C 20515

Dear Representative Slaughter:

Thank you for your letter, regarding the equitable treatment of Delphi Corporation's salaried retirees. Please accept my sincere apology for this delayed response.

As you know, Delphi has been in bankruptcy for over three and a half years and during that time Delphi has experienced a dramatic diminution in value that has hurt all of its stakeholders. Prior to the involvement of the Auto Task Force and the GM restructuring, Delphi was in a precarious and uncertain negotiation with those stakeholders for desperately needed liquidity; however, with no new cash investment to Delphi from its existing creditors forthcoming, the company was on the verge of complete liquidation.

Through tremendous efforts and shared sacrifice, Delphi was finally able to file an amended Plan of Reorganization on June 1. While the path forward was not straightforward, at the end of July the Bankruptcy Court did approve a Plan of Reorganization paving the way for Delphi's ultimate emergence from Chapter 11, preserving thousands of jobs for its employees. Nevertheless, Delphi's Plan encompassed a number of painful concessions in order to create some reasonable likelihood of success.

Under the Plan, secured creditors are taking substantial haircuts and unsecured creditors are expected to receive little or no recovery. Unfortunately, there simply is no realistic alternative to the termination of the existing Delphi salaried pension plans and the transition of their stewardship to the Pension Benefit Guarantee Corporation (PBGC). Delphi's pensioners will receive distributions under their plans in accordance with the PBGC's rules.

We recognize these reductions will be difficult. On June 23, the President signed an Executive Order establishing the White House Council on Auto Communities and Workers, of which I am a member, to help coordinate the Federal response to the communities that have been hardest hit by the auto industry's decline. I am committed to working with the Council and my staff at Treasury to find lasting solutions that will provide long-term economic stability to those communities. Thank you again for your attention to this important matter.

Sincerely,

Ron Bloom
Senior Advisor to the Secretary