

**Remarks – Automotive News World Congress  
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Thank you Keith and good morning. It is truly great to be here – glad to see such a terrific turnout for both the auto show and for World Congress.

I’ve been part of this industry for nearly four decades and I still get excited with the opening of the Detroit show each year. But this year seems special... We have the start of a new year AND a new decade... a sense that things are starting to look up for the industry... AND a lot of excitement right up the street on the show floor.

Everything’s “new” at this time of year, isn’t it? Every media outlet seems to have some advice guru telling us how to make our New Year’s resolutions... or even suggesting what they ought to be! Everyone’s got a new plan to get healthy and lose weight; to stop smoking; to do a better job staying in touch; and to reduce stress.

I’ll be honest: I happen to be among the 60 percent of people who don’t make New Year’s resolutions – probably for the same reason I don’t put a lot of stock in institutional planning, or what some folks would call “strategy.” Just about anyone can write a strategy. But I believe strategy is over-rated. My philosophy is... “JUST CHANGE!” So many resolutions – or strategies – fail because we don’t execute the really hard steps to make them happen. Still, it IS a lot of fun to suggest resolutions for everyone else, isn’t it? And I DO have some suggestions and I’ll get to those in a minute or two.

But I know I’m not going to get out of here unless I make some comments about Delphi’s recent journey and our restructuring process. And a brief look back will help me make my point about the bridge between resolutions and success....between strategy and execution. So here’s the “Cliff Notes” version of the tough things we had to do over the past four years: We got a very clear mandate from our Board in February of 2005 – long before we thought about a more formal restructuring process in court. At the time, we were a nearly \$29 billion company, had 27 business lines, 32 U.S. plants and 50,000 U.S. employees.

There were three major mandates we had to get done:

- Improve our organization structure. Basically to focus it on the customer, the product, and make it less complex.
- Change our business model.
- And... be bold in strategy development. But more importantly, be bold in execution.

We laid out the very specific tough decisions that would:

- create a more focused product portfolio centered on safety, green and connectivity technologies;
- generate a diversified customer base;
- build a global company with balanced revenues in the four regions; and
- significantly lower our costs in manufacturing, supply, engineering and transactional processes.

Our execution of the plan never wavered...despite four years of a very tough U.S. Chapter 11 process, and simultaneously enduring the total collapse of the financial markets and world economies, and the implosion of the U.S. auto industry.

And, as a result of the assistance and sacrifice by our stakeholders – including our lenders, our employees and GM.... the New Delphi is a much different enterprise - poised for growth and prosperity.

Revenues are nearly half the size of the old company. That's partly due to the planned divestitures of businesses and partly due to the volume impact that has affected the industry. We have 84,000 fewer employees globally. We went from seven divisions to five, and 27 business units to 10. Specific product lines were reduced from 119 to 38.

Financially, we reduced our global costs associated with engineering, manufacturing, materials, I.T., and SG&A. In spite of that, operationally, we set new internal records on our performance in safety, quality, delivery, launches, customer bookings, and customer satisfaction.

Despite sometimes feeling like we woke up everyday with new “guano” on our shoes, we stopped managing problems. We solved them. We stopped managing problems and solved them. And as I said earlier, we DID execute the plan we originally laid out back in 2005. We did not change the vision or the strategy...we just kept finding ways to execute it despite the changing circumstances continually blocking our path forward. There is no doubt that our transformation was very difficult... extremely expensive... and financially painful to Delphi's stakeholders and our employees.

But what doesn't kill you makes you stronger. We are stronger, but we are not done. We have to finish our rotation – particularly in Western Europe and align with what we believe are the volumes and product mix for the foreseeable future. We are capitalized to fund the right-sizing and keep a strong product pipeline and we know the exact steps we have to take to execute that plan.

We again have clear and executable goals for the year: Return to profitability. Generate a substantial improvement in earnings over 2009. Achieve positive cash flow -- every division, every business unit, every region. And achieve our growth objective of improving revenue by at least \$1B per year from 2010 to 2012. We know the exact steps to execute, and we are hard at it. More importantly, we will use the same furious execution demonstrated in our transformation to make sure our plans are not simply good intentions.

That's the short version of a long journey. I'm extremely thankful to our customers for the opportunities they have given us to grow and how they – and our suppliers -- stuck with us. And I'm extremely proud of my team who executed the plan under the most awful circumstances – not only for the industry, but awful for them personally.

You probably won't find me talking about the past too much after today... Our eyes are clearly focused on the future...and the future is SO much more exciting. Maybe some day I'll document our journey in a book when I'm sitting in a rocking chair...but by then, you probably wouldn't find it very interesting!

So...let's get back to those New Year's Resolutions... Here are the ones I recommend for the industry:

- get healthy and lose weight;
- stop smoking;
- do a better job staying in touch; and
- reduce stress.

OK... Yes. Those are the same resolutions I mentioned earlier...perhaps we can relate to them better that way! But I want to make some points about industry change and about technology priorities in these areas.

On the first resolution, “getting healthy and losing weight,” two points: In terms of our industry, we are too fat, too bloated, and need more than the latest fad diet to right-size. CSM Worldwide says the auto industry has enough capacity to make 85.9 million cars and light trucks a year – about 30 million more than the industry is on track to sell this year. That’s the equivalent of more than 120 assembly plants and countless supplier facilities.

120 extra plants! I suspect that if all of the manufacturers put all of their plans on one big table, we would find that current scenarios wouldn’t eliminate the equivalent of 120 plants...everybody is likely waiting for the next guy to blink. We might also find that the next guy’s problems are so bad we’d gladly take our own back!

We have a real opportunity here to get some of this right-sizing done NOW, and I worry that we won’t seize that opportunity as aggressively as we should. I know it’s really, really hard to do...as were our actions to right-size our portfolio and footprint.

Right-sizing – or rotation – is even more critical as so many of us are focusing on Brazil, Russia, India and China, and other growth markets. There will likely be new capacity coming on line...But are we also executing to take it down elsewhere?

Turning to technology in the area of weight loss, I am very excited about the progress being made to solve the tough equation of reducing weight, yet giving consumers the fuel efficient vehicles they want, without sacrificing the safety and comfort they also demand. We’re working on a lot of these technologies with our customers, including:

- advanced cabling that reduces bundle sizes with lower mass, and makes use of advanced materials such as aluminum cable;
- miniaturized components such as waferized connectors, and advanced automation that allows for smaller gage cables;
- for hybrids, an integrated inverter, direct current converter and controller system that brings these products into a single unit coupled with our patent power silicon ICs. It results in the same high performance and reliability as the individual components but reduces mass AND lowers cost;
- liquid-cooled charge air coolers with a flexible design that allows the coolers to be incorporated into ducting or integrated into the intake manifold, minimizing packaging and reducing weight;
- ultra-light radios which also result in packaging benefits in the premium space of the instrument panel.

On the second resolution to “quit smoking...” I’m really using “smoking” as a general metaphor for the technological improvements being made to further take the car out of the environmental equation.

I believe our industry has taken seriously its role in “green” solutions since the first catalytic converter hit the market. But I’m not convinced we’ve ever been given full credit for how much innovation in green technologies has come from this industry. We’ve been engaged in an on-again, off-again battle – or love affair – with various governments who have had wide degrees of opinion on how much responsibility the industry should take for reductions in greenhouse gases, clean air, and reducing dependence on fossil fuels.

The industry has typically taken the position that the consumer should dictate the market, and we now have a rather unique alignment of what the consumer wants, what the government is willing to fund, and what the industry can provide. I believe this alignment creates equally unique market opportunities. For Delphi, these green technologies are at the heart of the portfolio around which we built our new company. Among them:

- Power electronics. The electrification of the vehicle is the next great revolution in delivering green solutions for the industry, and power electronics is an area that is particularly top of mind for us these days. We’ve just been awarded a stimulus

matching grant of up to \$89 million by the U.S. Department of Energy for us to produce power electronics for medium duty hybrids.

We've worked on power electronics for more than 20 years and just since 2000, have had more than 120 patents issued in this area. The grant will allow us to expand and grow that business. We are very excited about it and believe this is a terrific example of how public demands, industry technology and government cooperation can lead to outstanding solutions for the market.

- Direct acting diesel fuel injection systems that will enable vehicle manufacturers to comply not only with today's emission standards, but tomorrow's as well – without a compromise in fuel economy.
- Among other green technologies that we find particularly exciting are:
  - more efficient fuel injectors;
  - homogeneous gas direct injection systems;
  - higher efficiency fuel pumps requiring a lower electrical load. ;
  - ammonia sensors that reduce NOx and help diesel owners save money
  - solid oxide fuel cell auxiliary power units;
  - advanced electrical architecture and halogen free cabling that is lighter, recyclable, and an environmentally-responsible alternative to conventional cabling.

On the third resolution, "doing a better job staying in touch..."

For the industry, we still have much to do to improve collaboration, particularly in vehicle development. I believe the future of great cars and trucks lies in our ability to work more closely and more efficiently together.

A study released last week by KPMG indicates that the top two issues for our industry in 2010 are technology development, and the subsequent products that result from that development. The survey said that technology issues will impact market share, investments and M&A activities. Interestingly, the survey indicated that a shift may be occurring that could move development of certain technologies – particularly those in powertrain – from the supply community back to the OEs.

Whether that happens is anybody's guess. But the development and deep expertise for many of these technologies – diesel, fuel cells, solar cells, electrics, hybrids, and electronics – is not confined solely to either the supply or the OE sides of the house. The level of investment is already deep for all of us and the level of additional investment and resources will be steep. The required speed of innovation indicates that collective brainpower will result in faster and better solutions. That cannot happen without stronger collaboration across the entire industry...even across companies and across industries.

I believe there are increasing signs that consumers will pay for technologies that – just like good wine – have found their time. So it's critical that we continue the hard work of "staying in touch" – of collaboratively working on industry solutions that enable innovation for safer vehicles, greener vehicles, and vehicles that allow consumers to remain connected to their busy lives...even while driving.

We simply cannot risk the innovation – and the premium price that comes with it – to the budget axe, or to non-automotive companies who are better at the collaborative game and want to beat all of us to market with their solutions.

While I believe non-automotive partners are critical to innovation and are indeed fueling some of the brightest ideas of the past few years, I believe that a stronger collaborative model across our own industry can reap rewards for all of us.

We need more win/wins that we can collectively crow about! It's been fun watching the great coverage on both the concept and production vehicles this week... We love to see that happen, and feel a great deal of ownership in wins and the compliments being paid to these

vehicles, because so much of the supply community technology is under those beautiful hoods.

Regarding technology that helps our customers stay in touch... it's among the most fun of all the things on which we are working.

It's true that some consumers don't understand – or care – if the cabling in their vehicle is more recyclable, or if their radio weighs fewer ounces, or how efficient an ammonia sensor is, or the benefit of an integrated cooling system. But they ARE very sophisticated – and getting more so – in their demands for technology to keep them connected to their busy lives. The revolution in connectivity began as simply as the first remote keyless entry and the first NAV systems. But the insatiable demand for more-more-more is only going to grow. Connectivity solutions such as information-laden smart key fobs, streaming data, internet access, and control of home-work-life priorities from the vehicle will be increasingly important to consumers. Advancements in telecommunications enable these solutions, for sure. But consumers who have their technology needs delivered to a device they hold in their hands – such as PDAs and cell phones – won't understand if we can't deliver that same connectivity to something as large as their vehicles. And we are working with all of our customers on these solutions.

Finally, on the fourth resolution, reducing stress, a couple of points: It certainly will take some stress out of the system if sales perk up, and there are signs that 2010 will be better. But my personal belief is that regardless of volume levels, the industry needs to de-stress in two critical areas:

- getting to a business model that works for all of us, and
- margins that allow OEMs and suppliers to operate and invest in the future.

I was amused by the lead in Keith Crain's editorial this week in which he predicted a headline something like: "World Comes to An End...Industry Remains Upbeat."

I agree...it's good to have hope, because you can't make anything happen if you lose hope. But too often, particularly in volume predictions, we have been guilty of hockey-stick optimism that isn't based on reality. And too often, we are at odds between OE and supplier on what real volumes will be, and that is a frustrating way to try to build a business plan.

Our relationship model has been, at one time or another, completely broken... on life support... and even fairly good – dependent on the company or the era. It's stellar in some places but it needs to be better universally and it needs to make sense for both parties. It shouldn't take a crisis like the past couple of years for us to realize how much suppliers need the OEs and vice versa.

The business model needs to shift away from an environment where the supply chain is required to operate on razor-thin margins and at the same time, make the up-front investments to fund the kinds of terrific innovations that I mentioned previously...That's hard to do given the apprehension present in the credit markets. To reduce the stress in that model, the risk should be shared across the industry.

With regard to products, I've already mentioned some of the great innovations that are helping drivers stay "connected. But just as demands for connectivity increase, so does the risk of distraction. We believe these needs of the consumer are increasingly inter-woven, so that they can stay connected...but stay safe, creating a more stress-free driving experience.

And technologies such as enhanced telematics, adaptive cruise control, radar and camera systems, pedestrian detection, pre-crash sensing, advanced airbags, side alerts, and merge assists are all technologies that are in development or on the road right now.

Fulfilling consumer needs for safe, green and connected mobility is the best way I can think of to make our resolutions come true across the industry. Lose weight, stop smoking, stay connected, and reduce stress. What more could we want in a driving experience!

These are among the most exciting – and most important – things I've been involved in during my entire career. Delphi built its new portfolio entirely around delivering innovation for safe, green and connected technologies and I can assure you...the pipeline is full and we're working hard to keep it that way.

I'd like to close with just one suggestion for a new resolution.

Let's work to avoid institutional amnesia. I've been through too many recessions to count in my career – here in the U.S., and in several other countries. Our behavior is predictable. As things start looking better, we tend to forget how awful things were and the terrible decisions we had to make to get through it.

Resiliency to weather these difficult times is important... responsibility to not relive the past is even more so.

We seem to be at our best when times are worst... A recent USA Today / Gallup poll indicated three fourths of Americans don't like the way things are going. Authors of the same study also say fear may be our best friend because we tend to pull up our socks when we are afraid. We stop talking about resolutions or expectations or strategy, and we focus on getting things done. We focus on execution and problem solving. That is healthy. That is smart. And that is what actually gets us to an improved position.

I'd like to see us work hard to not only be at our best when times are tough... Imagine the fun we'll have if we remain at our best while things get better! As we stand here on the cusp of a potential recovery, we have a unique opportunity to create – and stick to – a new global business model that is more sustainable...not only for the industry, but for the planet. We have many complicated challenges to solve, but I'm looking forward to being an active participant in creating the technologies that will make the world safer, greener and more connected.

I thank you for your kind attention today and look forward to working together as we execute our recovery.