

EVAN BAYH

INDIANA

463 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1404
(202) 224-5623
<http://bayh.senate.gov>

1650 MARKET TOWER
10 WEST MARKET STREET
INDIANAPOLIS, IN 46204
(317) 554-0750

United States Senate

WASHINGTON, DC 20510-1404

COMMITTEES:
ARMED SERVICES
BANKING, HOUSING, AND URBAN AFFAIRS
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January 12, 2006

Robert "Steve" Miller,
Chairman and CEO
Delphi Corporation
World and North American Headquarters
5725 Delphi Drive
Troy, Michigan 48098-2815

Dear Mr. Miller:

I was pleased to learn that Delphi has rescinded the proposed wage cut that would have affected as many as 12,000 Hoosiers. This was the right decision, for that proposal would have had a devastating effect on these workers, their families, and their communities. However, I remain concerned that these hardworking Americans will still be asked to accept major cuts in wages and pension benefits, while Delphi executives celebrate anticipated generous "performance" bonuses.

The key executive pay package you approved for "key employees" would give 600 executives and managers \$510 million in compensation, while your rank-and-file workers have their wages cut or lose their jobs. Circumstances, like those of your company, and decency require that the highly paid not seek to enrich themselves on the backs of middle class working families. In that spirit, I urge you to take the current incentive plan for Delphi's executives off the table.

This plan was proposed to "smooth your company's reorganization and to maintain employee morale." Yet, it is only the 600 company executives who fall under the definition of "key employees." That definition excludes the 33,000 workers who potentially face large wage cuts, as well as reduced pensions and other benefits. Won't they be part of a smooth transition? Doesn't their morale need to be maintained as well?

Among other things, your incentive plan includes six month performance bonuses that could result in executives earning a bonus for half a year's good results regardless of whether the company operates at a loss for the full year. Shouldn't all workers who help turn the company around be entitled to performance bonuses? In addition to the performance bonus plan, there is also your "emergence bonus plan." Under this other bonus plan, executives can earn cash bonuses ranging from 30 to 250 percent of their salaries "upon confirmation of the plan of reorganization or a sale of all or substantially all of the company's assets." These cash bonuses are separate from equity incentives equal to 10 percent of the new common shares outstanding and stock options that will be

offered to "key employees." The icing on the Delphi plan is your severance program. Under your severance program, 21 officers would receive 18 months of salary and target bonuses, 89 senior managers would get a year of pay and target bonuses, and 373 executives would receive a year's salary. If even 30 percent of executives took their severance, the cost would be \$30.5 million. Yet, you expect the average Delphi employee to accept difficult concessions.

The United States government is not without blame for our country's current state of global competitiveness. The federal government should be doing more to end unfair trade practices, like currency manipulation, intellectual property theft, and illegal subsidies. Additionally, the U.S. government has done too little to reduce the number of people who are uninsured or under insured and to protect workers pensions.

We are at a unique time in history. Business, government and workers have the opportunity to come together to find a solution to our country's competitive challenge. Each group needs to step up to the plate and to ask itself: What can I do to help the United States be a better and stronger competitor in the global economy? There needs to be a new partnership for the future of the American workforce.

As a gesture of decency and fundamental fairness, I urge you to reevaluate the executive compensation program your company is proposed as part of its chapter 11 reorganization. I also urge you to engage in a dialogue with me and other federal government officials to develop solutions to help avoid bankruptcies like Delphi's. I look forward to hearing from you on when we may be able to discuss this important matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Evan Bayh". The signature is fluid and cursive, with a large, stylized "E" and "B".

Evan Bayh
United States Senator