

12-31-10

United States Bankruptcy Court

Southern District Of New York

In re: Motors Liquidation Company aka General Motors Corp.

Chapter 11 Case No. 09-50026 (REG)

Honorable Robert E. Gerber, United States Bankruptcy Judge

Room 621 One Bowling Green

New York , New York 10004-1408

Dear Honorable Judge Robert E. Gerber,

I write to you to object to the proposed " confirmation agreement " and ask that you address the issue of Delphi Salaried Retirees who should be considered General Motors Retirees in view of 30 years of employment with GM before being called Delphi employees in an attempt to relieve GM of obligations accrued during said years of employment.

I hired in at General Motors Corporation on May 28, 1969 at the Delco Remy Division in Anderson Indiana. I worked continuously as a General Motors employee until May 28, 1999 when I was then called a Delphi employee. I did not quit General Motors but continued to work in the same General Motors owned facilities in Anderson Indiana under the Delphi name until January 1, 2008 when I was forced to retire. It really did not matter to me that I was called a Delphi Salaried Retiree rather than a General Motors Salaried Retiree (which I consider myself to be) until April 1 2009 when I began being treated remarkably different. Specifically, I am now being charged substantially more for my Health Care just because someone wants to call me a Delphi Salaried Retiree instead of a General Motors Retiree. This treatment is not right. I worked loyally for nearly 39 years for General Motors and Delphi with 30 of those years as a GM employee and 9 years as a Delphi employee. I worked 30 years for GM and I expect to receive the "vested" benefits for the years I worked for GM. I only ask for fair treatment for a person who loyally and faithfully worked for the company. In view of the recent testimony at the SEC vs JT Battenburg trial there can be no doubt that the Delphi "spinoff" was just a charade created by General Motors.

I am enclosing an article from " Automotive News " dated November 30 2010 and a letter from Honorable Senator Sherrod Brown to General Motors in support of my letter to you.

I ask that you review these documents and use your wisdom as an Honorable Judge to impel General Motors to submit a plan that addresses the Delphi Salaried Retirees. If you do not believe a great injustice has occurred then you will ignore my request. I believe you will use your wisdom to right a terrible wrong.

Respectfully submitted



Stanley D Smith

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From: Auto_Profl (auto_prof1@yahoo.com)
To: Delphi_SR_Network@yahoogroups.com;
Date: Sun, November 28, 2010 11:34:03 PM
Cc:
Subject: [Delphi_SR_Network] Ex-Delphi execs bloody knuckles on GM in Round 1

November 28, 2010 8:00 PM

Ex-Delphi execs bloody knuckles on GM in Round 1: Battenberg defense next into the ring

By Mike Colias *AUTOMOTIVE NEWS* Nov 28 2010

During a tense September 2000 meeting on the 38th floor of General Motors Corp. headquarters in Detroit's Renaissance Center, GM purchasing czar Harold Kutner delivered a blunt message to Delphi Corp.'s top executives.

Months into a bitter standoff, Delphi's top brass continued to deny they owed GM \$250 million for recalls involving faulty parts made while Delphi was still part of GM. Kutner threatened to choke off new business if the supplier didn't cave.

That's the story that Delphi's top attorney at the time, Logan Robinson, relayed to jurors at former Delphi CEO J.T. Battenberg III's civil securities-fraud trial in Detroit.

Robinson, the highest-ranking former Delphi official to testify so far, said Kutner warned him that Robinson was "calling into jeopardy Delphi's ability to do business with GM" if the lawyer didn't back down.

Kutner did not return calls seeking comment.

Through four weeks of testimony, a parade of former Delphi insiders, attorneys and accountants has cast GM as a bare-knuckled negotiator that set up Delphi for failure upon its 1999 spinoff from the automaker.

The U.S. Securities and Exchange Commission has rested its case; the defense case likely will take several weeks.

A 10-member jury eventually will decide whether that pressured Battenberg to cook the books in order to hit profit targets, as the SEC alleges.

Whatever the jury concludes, the testimony so far offers a rare window into the intense friction between what was then the world's largest automaker and supplier. It also spotlights problems besetting Delphi as it sought firm footing as a new company before stumbling into bankruptcy in 2005.

"Life-or-death' warranty dispute

GM's warranty demand was the biggest tension point, eliciting palpable ire from former Delphi officials even a decade later. Robinson referred to it as a "life-or-death issue" for Delphi.

GM sent Delphi out the door with a tidy \$53 million reserve to pay future warranty claims -- then a year later demanded up to \$800 million for faulty parts Delphi supplied before it split from GM, witnesses have said.

Meanwhile, GM was failing to live up to its own targets for purchases from Delphi at the time of the spinoff, instead steering a larger-than-forecast amount of business to other suppliers, Robinson said.

"Delphi was literally at the mercy of GM," Battenberg's attorney, William Jeffress, told the court.

During the summer of 2000, three meetings between Battenberg and top GM executives led to a deal in late September: Delphi agreed to pay \$237 million to settle warranty claims and "certain open issues," including spinoff-related pension and benefit costs that GM was stuck with, but which should have been covered by Delphi.

How that \$237 million payment was accounted for on Delphi's books lies at the heart of the government's case against Battenberg.

The SEC claims it all should have been recorded as warranty expenses, and that the pension issue was inserted at the last minute to blunt the damage to Delphi's bottom line. Delphi booked \$202 million of the payment as a charge against the value of its pension, thus keeping the payment out of its quarterly profit-and-loss statement and artificially inflating its profits, the SEC says.

Battenberg is charged with fraud for his role in the GM settlement and for signing allegedly fraudulent SEC disclosures.

GM, meanwhile, booked the entire \$237 million as income. That allowed GM to meet its earnings target -- barely -- that quarter, defense attorneys said. Several witnesses, including Robinson and lower-level managers, accused GM of strong-arming Delphi under the guise of warranty claims in an effort to pad its own profits.

"Extortion' tactics

"This always was just a number GM was trying to achieve," Robinson testified. "At a certain point, it didn't have anything to do with warranty."

With the jury out of the courtroom, Deborah Kovsky-Apap, an attorney for Battenberg's co-defendant, former Delphi Chief Accounting Officer Paul Free, even used the word "extortion" to describe GM's tactics.

The SEC says Battenberg should have known he'd be on the hook for pre-spinoff warranty claims: the IPO filing that he signed says so.

SEC attorneys have said pressure to hit earnings forecasts, whether created by GM or not, prodded Battenberg to cheat.

U.S. District Judge Avern Cohn said whatever screws GM might have put to Delphi, either in structuring the spinoff or afterwards, are irrelevant to the charges against Battenberg.

"I don't think how GM set up Delphi and whether it did it on the cheap ... so that Delphi

was born in a malnourished state, is arguably relevant," Cohn, 86, said last month with jurors out of the courtroom.

"I'm not aware that, if you pay blackmail, you can disguise it as another kind of payment."

Defense attorneys said because the warranty claim was flagrantly outsized, it only made sense that GM would open the final settlement to other issues, including the pension matter. At the time, witnesses have said, Delphi executives were concerned GM eventually would demand to be reimbursed roughly \$200 million for pension and health care costs for thousands of workers who joined Delphi upon the spinoff but later flowed back to GM.

"Neither J.T. Battenberg nor anyone else at Delphi believed that Delphi owed GM \$237 million for those warranty claims," attorney Jeffress told jurors.

Nicholas Difazio, Delphi's lead outside auditor in 2000, said GM was notorious a decade ago for demanding big payments from suppliers and negotiating down.

"GM asserted very large, puffed-up claims ... and ultimately settled for very small amounts," he told jurors.

Pearce denies hardball

Much of the criticism of GM was rebutted by the only GM executive to testify so far, former Vice Chairman Harry Pearce. Pearce, 68, now is chairman of MDU Resources Group Inc., an energy and infrastructure company in Bismarck, N.D.

Pearce said the \$237 million was a warranty payment resulting from a careful engineering review by both companies and "had nothing to do with GM earnings." He also denied GM ever yanked business from Delphi because of the warranty fight.

"I wanted Delphi to be in good financial position," he said. "They were GM's largest supplier. We cared about Delphi."

From Automotive News

Date: Sat, December 4, 2010 1:57:40 AM

C:

Subject: [Delphi_SR_Network] U.S. Sen. Sherrod Brown (D-OH) released the following statement today

WASHINGTON, DC th U.S. Sen. Sherrod Brown (D-OH) released the following statement today following news that General Motors paid \$4 billion in its pension plans for current and retired G.M. employees.

(Media-Newswire.com) -

WASHINGTON, DC – U.S. Sen. Sherrod Brown (D-OH) released the following statement today following news that General Motors paid \$4 billion in its pension plans for current and retired G.M. employees.

“General Motors did right by their current and retired employees by paying into the pension fund, and now it’s time for them to do the same for Delphi retirees. I remain deeply concerned over the company’s conspicuous silence regarding the pensions and health benefits for thousands of salaried and union Delphi retirees.

“Many Delphi retirees devoted their careers to working for General Motors, and the company should reward their loyalty. As General Motors continues to reap financial benefits from its restructuring and successful IPO, they must do their duty by the Delphi retirees, and I will keep fighting to make sure that these retirees get the benefits they have earned and deserve.”