

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
DELPHI SALARIED RETIREES ASSOCIATION
BENEFIT TRUST
DECEMBER 31, 2010 AND 2009**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Delphi Salaried Retirees Association
Voluntary Employee Benefits Association
Board of Directors

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We have audited the accompanying statements of net assets available for benefits (modified cash basis) of the Delphi Salaried Retirees Association Benefit Trust (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note B, the financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, on the basis of accounting described in note B.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2010, and reportable transactions for the year ended December 31, 2010, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

Chicago, Illinois
January 23, 2012

Delphi Salaried Retirees Association Benefit Trust
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)
December 31,

Assets	<u>2010</u>	<u>2009</u>
Investments, at fair value (note C)		
Money market accounts	\$ 369,303	\$8,509,261
Mutual funds	<u>7,407,881</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$7,777,184</u>	<u>\$8,509,261</u>

The accompanying notes are an integral part of these statements.

Delphi Salaried Retirees Association Benefit Trust
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)
Year ended December 31, 2010

Additions to net assets attributed to	
Contributions	
Retiree	\$17,910,903
HCTC	<u>42,547,846</u>
Total contributions	60,458,749
Investment income	
Interest and dividends	105,199
Net appreciation in fair value of investments - mutual funds	113,882
Other income	<u>5,533</u>
Net investment income	<u>224,613</u>
Total additions	60,683,363
Deductions from net assets attributed to	
Hardship payments	26,604
Insurance premiums	60,421,893
ASO fees	629,063
Administrative expenses	<u>337,880</u>
Total deductions	<u>61,415,440</u>
NET DECREASE	(732,077)
Net assets available for benefits	
Beginning of year	<u>8,509,261</u>
End of year	<u>\$ 7,777,184</u>

The accompanying notes are an integral part of this statement.

Delphi Salaried Retirees Association Benefit Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE A - DESCRIPTION OF PLAN

General

The Delphi Salaried Retirees Association Benefit Trust (the “Plan”) was established on September 1, 2009, to offer welfare benefit coverage to eligible retirees and their dependents of Delphi Salaried Retirees Association (“DSRA”), with coverage beginning on October 1, 2009, as detailed in the Plan document.

In general, the Plan provides participants specified medical, prescription drug, vision and dental benefits. By virtue of being offered through a Voluntary Employee Beneficiary Association (“VEBA”), the component benefit programs offered for those under 65 years of age are intended to be qualified to take advantage of Health Coverage Tax Credits (“HCTC”) available under the Internal Revenue Service (“IRS”). The Plan also offers alternate coverage for eligible retirees who are or who become Medicare eligible.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Administration of the Plan

The DSRA VEBA is the Plan sponsor and the DSRA VEBA Board of Directors (“VBOD”) administers the Plan. The VBOD has contracted with a third-party administrator, Marsh Inc., to administer the benefits under the Plan, under the guidance of the VBOD. Comerica Bank (“Comerica”) serves as custodian for the trust.

Blue Cross Blue Shield of Michigan provides healthcare, prescription drugs, dental and under 65 Medicare claims through insurance, and Superior Vision Services, Inc., The Hartford and Benistar Administrative Services provide vision claims, over 65 life insurance and Medicare Part D coverage through insurance, respectively. Hardship payments are administered by a committee of the VBOD.

Contributions

The Plan is funded through a VEBA Trust set up by the Official Delphi Section 1114 Committee (“1114 Committee”) with monies obtained solely from Delphi Corporation (“Delphi”) pursuant to a Stipulation and Agreed Order entered between Delphi and the 1114 Committee (entered in Case No. 05-44481, United States Bankruptcy Court, S.D. New York, as may be modified from time to time) (hereinafter “Settlement Agreement”) and by premiums contributions from eligible retirees. Pursuant to the Settlement Agreement, in part, Delphi paid \$7,250,000 in 2009 to the VEBA Trust. An additional \$500,000 was paid by Delphi in 2009 to pay expenses incurred with respect to the operation of the VEBA Trust and/or Plan, payment of trustees, professional expenses, fidelity, other bonding expenses and other costs attendant to the maintenance of the DSRA VEBA Trust and Plan. Delphi also paid \$1,000,000 in 2009 to the DSRA VEBA for the establishment of a hardship fund for certain eligible retirees.

The IRS HCTC Department processes HCTC payments. Eligible retirees pay any residual premiums to the extent not covered by Delphi and HCTC payments. The premium rates are set by the VBOD after consultations with the insurance providers. Terminated employees may elect to continue their coverage (as provided under Consolidated Omnibus Budget Reconciliation Act of 1985 regulations) by making contributions to cover the full cost of their insurance premiums.

Delphi Salaried Retirees Association Benefit Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2010 and 2009

NOTE A - DESCRIPTION OF PLAN - Continued

Benefits

The Plan provides for specified medical, prescription drug, vision and dental benefits through insurance arrangements. The Plan also provides for hardship payments to eligible participants to reimburse residual premiums.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, contributions and income are recorded when received and distributions and expenses are recorded when paid.

Had the financial statements been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, receivables of \$232,272 and \$2,875,979 and payables of \$309,213 and \$78,251 would have been recorded as of December 31, 2010 and 2009, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board amended the fair value measurements and disclosures by adding new disclosure requirements for Level 1 and Level 2, separate disclosures of purchases, sales, issuances and settlements relating to Level 3 measurements, and clarification of existing fair value disclosures. This amendment is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. With respect to matters other than the reconciliation of Level 3 measurements, the amendment has been adopted. The Plan does not currently hold any Level 3 assets and does not expect the Level 3 disclosure portion of the amendment to have an impact on the Plan financial statements.

Valuation of Investments

The Plan's investments are stated at fair value. See note C for description of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Delphi Salaried Retirees Association Benefit Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Benefit Payments

Hardship payments and insurance premium payments are recorded when paid.

Administrative Expenses

Administrative expenses associated with the Plan are paid by the Plan as permissible by the Plan's provisions.

Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities in the near term would be material to the financial statements.

NOTE C - FAIR VALUE MEASUREMENTS

The Plan's investments are reflected at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Plan uses a three-tiered hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for similar assets or liabilities in active markets that the Plan has ability to access.

Level 2 - Inputs to the valuation methodology, including the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Delphi Salaried Retirees Association Benefit Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2010 and 2009

NOTE C - FAIR VALUE MEASUREMENTS - Continued

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

However, the determination of what constitutes observable requires judgment by the Plan's management. Plan management considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to Plan management's perceived risk of that investment.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market accounts and mutual funds - Valued at the net asset value of the shares held by the Plan at year-end, which is obtained from an active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2010			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 369,303	\$ -	\$ -	\$ 369,303
Mutual funds				
Large cap growth	700,971	-	-	700,971
Mid cap growth	6,542,656	-	-	6,542,656
Income	164,254	-	-	164,254
Total investments at fair value	<u>\$7,777,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,777,184</u>
	2009			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$8,509,261	\$ -	\$ -	\$8,509,261
Total investments at fair value	<u>\$8,509,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,509,261</u>

Delphi Salaried Retirees Association Benefit Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2010 and 2009

NOTE D - PLAN TERMINATION

Although it has not expressed any intent to do so, the DSRA VEBA reserves the right to modify or discontinue the Plan at any time. In the event the Plan is terminated, the trust assets, to the extent they exist, are to be applied first to reasonable and necessary expenses in connection with the termination; second, to provide benefits to participants and beneficiaries with respect to claims arising prior to the date of termination, or such earlier date as the trustees may designate; and the balance, if any, to provide benefits permitted by Internal Revenue Code ("IRC") Section 501(c)(9), as the Plan manager may determine.

NOTE E - PARTIES-IN-INTEREST

During the year, Plan assets were invested in money market accounts managed by Comerica, the custodian of the Plan; therefore, these transactions qualified as parties-in-interest transactions.

NOTE F - TAX STATUS

The trust established under the Plan to hold the Plan's net assets is qualified pursuant to Section 501(c)(9) of the IRC as a VEBA and, accordingly, the trust's net investment income is exempt from income taxes. The Plan and trust are required to operate in conformity with the IRC to maintain the tax-exempt status of the trust. The trust has received a favorable tax exemption letter from the IRS and the DSRA VBOD believes that the trust continues to qualify and to operate as designed.

NOTE G - SUBSEQUENT EVENTS

The Early Retiree Reinsurance Program ("ERRP") was established by the Patient Protection and Affordable Care Act. Congress appropriated funding of \$5,000,000,000 for this temporary ERRP to provide financial assistance to employers, unions and state and local governments to help them maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare, including their spouses, surviving spouses and dependents. The ERRP ceased accepting applications after May 5, 2011.

The Plan sponsor submitted an application for reimbursement from the ERRP in 2010 and received reimbursements of approximately \$7,000,000 in 2011. These reimbursements are not reflected in the accompanying 2010 financial statements because the reimbursement request was not approved until 2011. Reimbursements will be used to reduce the Plan participant's health care costs.

The Plan evaluated its December 31, 2010 financial statements for subsequent events through January 23, 2012, the date the financial statements were available to be issued, and noted that there were no material subsequent events that required recognition or additional disclosures.

SUPPLEMENTAL SCHEDULES

Delphi Salaried Retirees Association Benefit Trust
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2010

(a)	(b) Identity of issuer/ (c) description of investment	(d) Cost	(e) Current value
	Money market accounts		
	Invesco AIM Premier Portfolio	\$ 53,303	\$ 53,303
	T. Rowe Price Summit Funds Inc. Cash	316,000	<u>316,000</u>
	Total money market account		369,303
	Mutual funds		
	T. Rowe Price Growth Stock Fund	420,000	506,762
	T. Rowe Price Equity Inc. Fund	420,000	480,314
	T. Rowe Price Mid Cap Growth	70,000	83,197
	T. Rowe Price New Horizons Fund Inc.	47,000	58,917
	T. Rowe Price New Income Fund	3,600,000	3,516,345
	T. Rowe Price Short Term Bond Fund IN	2,500,000	2,487,080
	T. Rowe Price Capital Stocks	47,000	57,191
	T. Rowe Price Mid Cap Value	70,000	81,057
	T. Rowe Price Spectrum Growth Fund	120,000	<u>137,018</u>
	Total mutual funds		<u>7,407,881</u>
	Total assets		<u>\$7,777,184</u>

Delphi Salaried Retirees Association Benefit Trust
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
Year ended December 31, 2010

(a) Identity of party involved	(b) Description of asset, including interest rate and maturity in case of a loan	(c) Purchase price	(d) Selling price	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Realized net (loss) gain
Single transactions (Category (i)) that amount to more than 5% of the beginning value of Plan assets						
Invesco	AIM Premier Portfolio	\$8,035,462	\$ -	\$ -	\$ -	\$ -
Invesco	AIM Premier Portfolio	-	2,511,942	2,511,942	2,511,942	-
Invesco	AIM Premier Portfolio	-	2,500,000	2,500,000	2,500,000	-
Invesco	AIM Premier Portfolio	-	2,500,000	2,500,000	2,500,000	-
T. Rowe Price	T. Rowe Price New Income Fund	1,500,000	-	-	-	-
T. Rowe Price	T. Rowe Price New Income Fund	1,500,000	-	-	-	-
T. Rowe Price	T. Rowe Price New Income Fund	600,000	-	-	-	-
T. Rowe Price	T. Rowe Price Summit Funds Inc. Cash	2,500,000	-	-	-	-
T. Rowe Price	T. Rowe Price Summit Funds Inc. Cash	-	2,194,000	2,194,000	2,194,000	-
T. Rowe Price	T. Rowe Price Short Term Bond Fund	650,000	-	-	-	-
T. Rowe Price	T. Rowe Price Short Term Bond Fund	650,000	-	-	-	-
T. Rowe Price	T. Rowe Price Short Term Bond Fund	1,200,000	-	-	-	-
Comerica	Comerica Money Market Account	-	7,788,386	7,788,386	7,788,386	-
Series of transactions (Category (iii)) with respect to securities of the same issue that amount, in the aggregate, to more than 5% of the beginning value of Plan assets						
Invesco	AIM Premier Portfolio					
	Purchases - 14 transactions	8,302,098	-	-	-	-
	Sales - 32 transactions	-	8,248,795	8,248,795	8,248,795	-
T. Rowe Price	T. Rowe Price New Income Fund					
	Purchases - 3 transactions	3,600,000	-	-	-	-
T. Rowe Price	T. Rowe Price Summit Funds Inc. Cash					
	Purchases - 2 transactions	2,700,000	-	-	-	-
	Sales - 4 transactions	-	2,384,000	2,384,000	2,384,000	-
T. Rowe Price	T. Rowe Price Short Term Bond Fund					
	Purchases - 3 transactions	2,500,000	-	-	-	-
Comerica	Comerica Money Market Account					
	Purchases - 1 transaction	283	-	-	-	-
	Sales - 34 transactions	-	8,130,942	8,130,942	8,130,942	-