

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	: Chapter 11
DELPHI CORPORATION, <u>et al.</u> ,	: Case No. 05-44481 (RDD)
Debtors.	: (Jointly Administered)
-----X	

**AMENDED
ORDER PURSUANT TO 11 U.S.C. § 363 AND FED. R BANKR.
P. 9019 FOR ORDER APPROVING DEBTORS' COMPROMISE
AND SETTLEMENT WITH COMMITTEE OF ELIGIBLE SALARIED
RETIREES AND DELPHI SALARIED RETIREES' ASSOCIATION**

("SALARIED OPEB SETTLEMENT ORDER")

Upon the motion, dated March 31, 2009 (the "Motion"), of Delphi Corporation and certain of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), for an order approving the Debtors' compromise and settlement (the "Settlement") with the Committee of Eligible Salaried Retirees (the "Retirees' Committee") and the Delphi Salaried Retirees' Association (the "Association"), which Settlement consists of, inter alia, substantially the following terms in complete and final resolution of the Retirees' Committee's and the Association's appeals (collectively, the "Appeals") of the OPEB Termination Orders:

- (a) the Debtors will pay \$8.75 million in overall subsidy payments to the Retirees' Committee for the benefit of Delphi's salaried retirees, not subject to reduction because of enrollment levels, and comprised of (i) a \$1 million hardship fund, payable at the beginning of May 2009; (ii) \$500,000 Voluntary Employees' Beneficiary Association ("VEBA") set-up costs,



payable at the beginning of May 2009 (which the Retirees' Committee may also use for the hardship fund or subsidizing retiree medical benefit costs); (iii) \$1.25 million per month for five months, payable monthly at the beginning of each of June through October 2009; and (iv) one final payment of \$1 million on November 1, 2009;

(b) through June 30, 2009, the Debtors will offer salaried retirees a non-retroactive benefits reinstatement opportunity as of the first of the following month. The Debtors will reasonably cooperate with retirees who elect to continue benefits on a self-pay continuation basis to permit payment deductions from their pension checks;

(c) pursuant to section 1129(a)(13) of the Bankruptcy Code, the Debtors' plan of reorganization, as modified, will provide for the continuation after its effective date of the payment of any unpaid subsidies in the amounts and on the schedule outlined above;

(d) the Debtors will pay up to an additional \$250,000 in attorneys' fees to counsel for the Retirees' Committee and the Association (i.e., in addition to the \$200,000 cap on attorneys' fees provided for by the Provisional Salaried OPEB Termination Order), subject to reasonableness review by the Debtors, and payable 60 days after submission of statements of account to the Debtors;

(e) the Debtors will cause their group life insurance provider, MetLife, to permit retirees to continue their current level of optional term life insurance coverage (as outlined under the program in the notices sent to retirees) without the need to re-qualify by providing medical information, and shall request that MetLife return all copies of health questionnaire information provided by the retirees to continue the benefit; and

(f) upon entry of this order and payment of the amounts due at the beginning of May 2009, the Retirees' Committee and the Association will cause their appeals of the OPEB

Termination Orders, including the motion to stay the effectiveness of the OPEB Termination Orders, to be voluntarily dismissed, with prejudice, and will waive any and all rights to appeal the OPEB Termination Orders;

and the Court having held a hearing on the Motion on April 2, 2009 (the "Hearing"); and upon the record of the Hearing; and after due deliberation thereon; and good and sufficient cause appearing therefor

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. This Court has core jurisdiction over these chapter 11 cases and the parties and property affected hereby pursuant to 28 U.S.C. §§157(b) and 1334.
2. Venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. Notice of the Motion was properly served in accordance with the Order to Show Cause submitted on March 31, 2009 and was proper and sufficient notice of the Motion for all purposes under the Bankruptcy Code and Bankruptcy Rules.
4. The Court finds that it is within the Debtors' reasonable business judgment to enter the Settlement as provided in the Motion.
5. The Court approves the Settlement pursuant to Bankruptcy Rule 9019(a).
6. In lieu of the direction to the Debtors in paragraph 5 of the Final OPEB Termination Order, the Retirees' Committee is authorized and directed to establish a VEBA as contemplated by the provisions of 26 U.S.C. § 35(e)(1)(K) as amended by § 1899G of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat 115 (Feb. 17, 2009)) extending the Health Coverage Tax Credit to benefits provided through a VEBA set up by a section 1114 committee or authorized by a bankruptcy judge.

7. The Debtors' limited obligations under the Settlement approved by this order shall be entitled to the protections of 11 U.S.C. § 1129(a)(13) to the extent not yet performed at the time of confirmation of a plan of reorganization.

8. The Motion is hereby granted and the Debtors are authorized, but not directed, to enter into the Settlement as provided in the Motion.

9. The Retiree's Committee shall file a report with the Court upon completion of the Debtor's payments under the Settlement, detailing how the Settlement proceeds were spent and allocated fairly and equitably to or on behalf of salaried retirees.

10. Notwithstanding Bankruptcy Rule 6004(h) or any other provision of the Bankruptcy Rules or Bankruptcy Code, the terms and conditions of this order shall be immediately effective and enforceable upon its entry.

Dated: New York, New York
April 3, 2009

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

**Unless and until changed by the VEBA Committee, the address of the
Delphi Salaried Retirees Association Benefit Trust shall be:**

**1220 N. Market Street, Suite 808
Wilmington, DE 19801**

**BYLAWS OF DELPHI SALARIED RETIREES
ASSOCIATION BENEFIT TRUST**

A Nonprofit Voluntary Employees' Beneficiary Association

ARTICLE I. PURPOSE

SECTION 1. GENERAL PURPOSE

The primary objective and purpose of the Delphi Salaried Retirees Association Benefit Trust (the "Trust") is to provide employee welfare benefits to eligible (eligible is defined as receiving a Delphi pension payment from the Delphi plan) retirees of Delphi Corporation who are not represented under a collective bargaining agreement and/or their survivors, dependents and spouses who retired on or prior to April 2, 2009 ("Current Retirees") and eligible retirees of Delphi Corporation who are not represented under a collective bargaining agreement and/or their survivors, dependents and spouses who retire after April 2, 2009 ("Future Retirees"). For the purposes of this document, Current Retirees and Future Retirees and their survivors, dependents and spouses may be collectively referred to as "Retirees"). All Retirees will have the ability to participate in the benefit plans that will be sponsored by the Trust, however, funds received from the settlement reached with Delphi Corporation in its bankruptcy proceeding, may only be applied to supplement health care insurance premiums for Current Retirees. However, at some future point in time, the VEBA Committee (as defined herein) may elect to expand membership rights to other retirees of the U.S. Automotive Industry, if permitted by Section 501(c)(9) of the Internal Revenue Code (the "Code") or other applicable law.

SECTION 2. EXCLUSIVE EXEMPT PURPOSE

The Trust is a nonprofit organization organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(9) of the Code, and is not organized for the private gain of any person (other than through such payments as are permitted by Section 501(c)(9) of the Code). Notwithstanding any other provision of these Bylaws, no Member, officer, employee or representative of this Trust shall take any action or carry on any activity by or carried on behalf of the Trust not permitted to be taken or carried on by an organization exempt from taxation under Section 501(c)(9) of the Code.

ARTICLE II. MANAGEMENT

SECTION 1. VEBA COMMITTEE MEMBERSHIP

The activities and affairs of this Trust shall be conducted and exercised by, or under the direction of, the VEBA Committee. The VEBA Committee shall have no less than five (5) and no more than nine (9) Members (the "Committee Members"). The initial number of Committee Members shall be nine (9). The number of Committee Members (including the maximum and minimum authorized) may be changed by amendment of Section 1 of this Article II, as provided in these Bylaws. The initial Committee Members are listed in

Addendum 1. At all times, except as otherwise provided herein, at least one Committee Member shall consist of a current or former Delphi Salaried Retiree Association Board Member.

SECTION 2. DUTIES

It shall be the duty of the Committee Members to:

- (a) Perform all duties imposed on them collectively or individually by law, by the Trust Agreement or by these Bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Trust;
- (c) Supervise all officers, agents and employees of the Trust to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these Bylaws; and
- (e) Register each of their addresses with the Secretary of the Trust so that notices of meetings may be sent to them at such addresses and shall be valid notices thereof.

SECTION 3. TERMS OF OFFICE

Unless otherwise determined by the VEBA Committee, initial Committee Members shall be elected for a two or three-year term as set forth in Article II, Section 1. The Section 1114 Committee formed as part of the Delphi Corporation bankruptcy will initially determine who will serve a two-year term or a three-year term. Thereafter, Committee Members shall be elected for a three-year term. There shall be no prohibition on Committee Members seeking election for multiple terms.

SECTION 4. COMPENSATION AND CONFLICT OF INTEREST

The Committee Members will not be entitled to any compensation for their services as Committee Members. However, each Committee Member will be entitled to the reimbursement of reasonable expenses incurred by him or her in performing such duties as deemed reasonable and necessary by the VEBA Committee. Committee Members cannot hold positions as Committee Members if their outside activities can be determined to be a conflict of interest.

SECTION 5. MEETINGS

5.1 Meetings Generally. Meetings of the VEBA Committee will be held at the time and place, or by telephone conference, as determined by the VEBA Committee Chairperson or Co-Chairpersons, as applicable, for the purpose of organization, election of officers and Committee Members and the transaction of other business. A majority of the Committee Members then in office may also call a meeting of the VEBA Committee for any purpose or purposes. Meetings shall be held at the place designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the Trust.

5.2 Other Participants. Committee Members may from time to time designate other persons to take part in discussions and meetings of the VEBA Committee but such persons shall not have the power to vote at such meetings.

5.3 Proxy. In no event shall any Committee Member be entitled to more than one vote unless given a proxy by another Committee Member qualified to vote. A proxy must be transmitted from one Committee Member to another Committee Member in a signed writing or by e-mail.

5.4 Video, Telephone, and Electronic Conferences. Committee Members may take any action permitted or authorized by these Bylaws pursuant to meeting by means of video, telephone or electronic conference by means of which all persons participating in a meeting can be heard by and communicate with each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

SECTION 6. NOTICE OF MEETINGS

Meetings of the Committee Members shall be held upon four (4) days notice by first class mail or forty-eight (48) hours notice delivered personally or by telephone, fax, e-mail or telegraph. Such notices shall be sent to each Committee Member at his or her address (or, as applicable, fax number or e-mail address) as shown on the books of the Trust. All meeting notices will be provided by the Secretary. [If the Secretary refuses to give notice of any meeting called by Committee Members authorized to call such meeting; such Committee Members may give notice of such meeting.]

SECTION 7. CONTENTS OF NOTICE

Notice of meetings shall specify the place, day and hour of such meeting, and any instructions on how to join the meeting by video, phone or other electronic method, as applicable. The purpose of any meeting of the VEBA Committee shall be specified in the notice with an agenda, provided that Committee Members may discuss and take action regarding any matter at any meeting even if such matter was not specified in such meeting notice.

SECTION 8. WAIVER OF NOTICE AND CONSENT TO HOLD MEETINGS

The transactions of any meeting of the VEBA Committee, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present; and further provided that, either before or after the meeting, each Committee Member not present signs a waiver of notice, a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, and any Committee Member who attends the meeting without protesting any lack of proper call and notice to such VEBA Committee meeting shall be deemed to have waived notice to such meeting. All such waivers, consents or approvals shall be filed with the Trust records or made a part of the minutes of the meeting.

SECTION 9. QUORUM OF MEETINGS

A quorum shall consist of a majority of Committee Members then in office. Unless otherwise provided in these Bylaws, in the Trust Agreement or by law, no business shall be considered by the VEBA Committee at any meeting at which a quorum is not present and the only motion which shall be entertained at such meeting is a motion to adjourn.

SECTION 10. MAJORITY ACTION AS COMMITTEE ACTION

Every act or decision done or made by a majority of the Committee Members present at a

meeting duly held at which a quorum is present is the act of the VEBA Committee, unless these Bylaws, the Trust Agreement or applicable law requires a greater percentage or different voting rules for approval of a matter by the VEBA Committee.

SECTION 11. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the VEBA Committee may be taken without a meeting, if all Committee Members shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Committee Members. Such action by written consent shall have the same force and effect as the unanimous vote of the VEBA Committee Members. For the purposes of this Section 11 only, "all Committee Members " shall not include any Committee Member that has a material financial interest in, or other material conflict of interest with respect to, such action. Any certificate or other document filed which relates to action so taken shall state that the action was taken by unanimous written consent of the VEBA Committee without a meeting and that the Bylaws of this Trust authorize the Committee Members to so act and such statement shall be prima facie evidence of such authority.

SECTION 12. VACANCIES

Vacancies on the VEBA Committee shall exist (1) on the death, resignation or removal of any Committee Member, and (2) whenever the number of authorized Committee Members is increased. Committee Members may be removed with or without cause by the majority of the Committee Members then in office at a meeting duly called under this Article III. Subject to the provisions of applicable law, any Committee Member may resign effective upon giving written notice to the Chairperson or Co-Chairpersons as applicable, the Secretary of the VEBA Committee, unless the notice specifies a later time for the effectiveness of such resignation. The VEBA Committee shall fill vacancies on the VEBA Committee. However, vacancies left by any current or former DSRA Board Member shall be replaced with an acceptable replacement who is a current or former DSRA Board Member. If the DSRA shall refuse to fill any vacancy after notice, dissolve or fail to fill any such vacancy within thirty (30) days of receiving notice of such vacancy (whether due to a deadlock or otherwise), the VEBA Committee may fill that vacancy. A new/replacement member shall serve the remaining term of the member being replaced. A newly authorized member shall serve a two-year term from the date of appointment.

SECTION 13. NON-LIABILITY OF MEMBERS

Committee Members shall not be personally liable for the debts, liabilities or other obligations of the Trust. The liability of the Committee Members of this Trust for monetary damages shall be eliminated to the fullest extent permissible under law.

SECTION 14. INDEMNIFICATION OF MEMBERS, OFFICERS, EMPLOYEES AND OTHER AGENTS

The Trust shall, to the maximum extent permitted by law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the Trust, provided that such agent acted in good faith and in a manner such person reasonably believed to be in the best interests of the Trust. For purposes of this Section, an

"agent" of the Trust includes any person who is or was a Committee Member or other person specifically serving at the request of the VEBA Committee by resolution of the VEBA Committee; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" include but are not limited to attorneys' fees and any expenses of establishing a right to indemnification under this Section.

Expenses incurred in defending any proceeding shall be advanced by the Trust to the agent prior to the final disposition of such proceeding upon receipt by the Trust of an undertaking by or on behalf of the agent to repay such amount if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized hereunder.

ARTICLE III. OFFICE

The Trust is formed pursuant to that certain Trust Agreement (as it may be amended from time to time, the "Trust Agreement") created by the Official Committee of Retirees appointed under Bankruptcy Code Section 1114 by the Bankruptcy Court for the Southern District of New York and the U.S. Trustee's Office in Bankruptcy case # 05-44481, In re Delphi Corporation (the "1114 Committee") (together with its designated successors in interest with respect to the Trust, the "VEBA Committee"). The situs of the Trust is set forth in the Trust Agreement and may be changed pursuant to the terms of that Agreement.

ARTICLE IV. OFFICERS

SECTION 1. NUMBER OF OFFICERS

The officers of the Trust shall be a Chairperson or Co-Chairpersons, a Secretary, a Treasurer and such other positions as may from time to time be established by the VEBA Committee.

SECTION 2. QUALIFICATION, ELECTION AND TERM OF OFFICE

Any VEBA Committee Member may serve as an officer of this Trust. The officers of the Trust shall be chosen by the VEBA Committee and each shall hold her/his office until she/he shall resign or shall be removed or otherwise disqualified to serve or her/his successor shall be elected and qualified. No person shall hold more than one office.

SECTION 3. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the VEBA Committee, at any time. Any officer may resign at any time by giving written notice to the VEBA Committee or to the Chairperson (or Co-Chairpersons) or Secretary of the Trust. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification or otherwise, of any officer shall be filled by the VEBA Committee. In the event of a vacancy in any office other than that of Chairperson or Co-Chairperson, such vacancy may be filled temporarily by

appointment by the Chairperson or Co-Chairpersons, as applicable, until such time as the VEBA Committee shall fill the vacancy.

SECTION 5. DUTIES OF THE CHAIRPERSON

The Chairperson or Co-Chairpersons, as applicable, shall be the chief executive officer of the Trust and shall, subject to the control of the VEBA Committee, have general supervision, direction and control of the business and officers of the Trust. The Chairperson or Co-Chairpersons shall preside at all meetings of the VEBA. If in the case of Co-Chairpersons they can act independently of each other.

SECTION 6. DUTIES OF THE SECRETARY

The Secretary shall keep or cause to be kept a book of minutes of all meetings of VEBA Committee, a register of the Committee Members and their addresses, and shall, as appropriate, give or cause to be given notice of all the meetings of the VEBA Committee required by the Bylaws to be given and shall have such other powers and perform such other duties as may be prescribed by the VEBA Committee.

SECTION 7. DUTIES OF THE TREASURER

The Treasurer shall keep, record, distribute, report and be responsible for the funds of the Trust and shall perform any other duties as set forth in the Trust Agreement. At no time will the Treasurer issue a check or fund transfer without the second designated signature or written approval by the designated officer of the Trust. If the designated officer of the Trust is unavailable for five (5) working days or longer, then the Chairperson (or Co-Chairpersons) or Secretary can sign. The VEBA Committee designates the Treasurer. If the Treasurer is unavailable for five (5) working days or longer the Chairperson (or Co-Chairpersons) or Secretary can sign. The Treasurer will publish a quarterly report to the VEBA Committee and when approved by the VEBA Committee shall also send a copy of the report to the DSRA Board of Directors.

SECTION 8. COMPENSATION

The Committee Members will not receive any compensation for their services as officers or Committee Members unless the terms of these Bylaws are modified by a supermajority vote of the VEBA Committee. A supermajority shall be defined for the purposes of this paragraph as 7 of 9 Committee Members if the VEBA Committee is composed of 9 Members; 5 of 7 Committee Members if the VEBA Committee is composed of 7 Members; 4 of 5 Committee Members if the VEBA Committee is composed of 5 Members.

ARTICLE V. SUBCOMMITTEES

SECTION 1. CREATION OF SUBCOMMITTEES

The Trust shall have such subcommittees as may from time to time be designated by resolution of the VEBA Committee. Such subcommittees may consist of persons who are not also members of the VEBA Committee; provided, however, that any such subcommittees shall act in an advisory capacity only to the VEBA Committee and shall be clearly titled as "advisory" subcommittees.

SECTION 2. MEETINGS AND ACTIONS OF SUBCOMMITTEES

Meetings and actions of subcommittees shall be governed by, noticed, held and minutes taken in accordance with the provisions of these Bylaws concerning meetings of the VEBA Committee, with such changes in the context of such Bylaw provisions as are necessary to substitute the subcommittee and its members for the VEBA Committee and its members. The time for meetings of subcommittees may be fixed by resolution of the VEBA Committee or by the subcommittee. The VEBA Committee may also adopt rules and regulations pertaining to the conduct of meetings of subcommittees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE VI. EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

The VEBA Committee may by resolution authorize any officer or agent of the Trust to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Trust, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or employee shall have any power or authority to bind the Trust by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the VEBA Committee or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money and other evidence of indebtedness of the Trust must be signed by two designated officers of the Trust, one of the two signatories must be the Treasurer. If the Treasurer is unavailable for five (5) working days or longer, the Chairperson (or Co-Chairpersons) or Secretary can sign. If the designated officer of the Trust is unavailable for five (5) working days or longer, then the Chairperson (or Co-Chairpersons) or Secretary can sign.

SECTION 3. DEPOSITS

All funds of the Trust shall be deposited from time to time to the credit of the Trust in such banks, brokerage houses, savings and loans associations, Trust companies or other depositories as the VEBA Committee may select.

SECTION 4. GIFTS

The VEBA Committee may accept on behalf of the Trust any contribution, gift, bequest or devise for the charitable purposes of this Trust.

ARTICLE VII. AMENDMENTS OF BYLAWS

These Bylaws, or any of them, may be altered, amended or repealed and new Bylaws adopted by the VEBA Committee as provided in the Trust Agreement.

ARTICLE VIII. DISSOLUTION

The property of this Trust is irrevocably dedicated to exempt purposes under Section 501(c)(9) of the Code and no part of the net income or assets of this Trust shall ever inure to the benefit of any Committee Member or officer of the Trust, or to the benefit of any private person (other than as permitted by Section 501(c)(9) of the Code). If it is determined that a VEBA health care plan needs to be dissolved, the majority of the members of the VEBA health care plans will be notified. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be used for exempt purposes in a manner permitted by Section 501(c)(9) of the Code. In no event will the assets of the Trust be distributed to Delphi Corporation.

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EXECUTED as of the 8 day of ~~April~~ 2009

*June
9/13*

**Delphi Committee of Retired
Employees (1114 Committee)**

By: James Frost

James Frost

By James Hagenbach

By James Conger

By W. Ben Gifford

By Cathy Carroll

By Robert Todd Nicholson

ADDENDUM 1

Committee Member

Term in Years/Expiration Dat

Den Black, Co-Chair & DSRA Liaison	2	April 2011
Carol Light, Co-Chair	3	April 2012
Vincent J. Wilson	3	April 2012
John S. Brooks	2	April 2011
John C. Norris, Secretary	2	April 2011
Richard A. Davis	3	April 2012
Patricia D. Lott	3	April 2012
Chester John Gosik	2	April 2011
<u>Rick Strusienski</u>		
W. B. Gifford, 1114 Committee Liaison Ex-Officio		
<u>James Frost, 1114 Committee Liaison Ex-Officio</u>		
Lana L. Baich, Ex-Officio		

Exhibit D

Delphi Salaried Retiree VEBA Hardship Process

I. PURPOSE

The Hardship funds are intended to assist Delphi Salaried Retirees and/or their survivors, dependents, and spouses who face serious hardship because of their financial situation, medical needs and costs for medical and prescription drug benefits as a result of Delphi's bankruptcy.

The Hardship funds will be used to pay health care premiums (or portions thereof) on behalf of eligible Current Retirees who are identified as facing the most serious hardship, relative to other Current Retirees ("Aid Recipients"). Said premiums can be paid to any third party health insurance provider or said premiums can be applied to any health care premiums associated with any health insurance plan (if any) offered through the Trust.

II. Administration

1. The VEBA Committee shall cause the Hardship Application to be sent to all Current Retirees. (Application will also be made available via posting on the DSRA website).
2. The VEBA Committee will appoint a subcommittee to oversee the Hardship funds, and said committee shall be referred to as the "Hardship Committee."
3. The Hardship Committee shall be charged with identifying those Current Retirees who are in the most need of financial assistance with respect to health care insurance. Toward the general target of utilizing all interest and principal of the \$1 million Hardship funds within a two (2) year time period, the Hardship Committee shall seek to strike a balance between providing a meaningful amount of hardship assistance to those requiring same and seeking to provide hardship assistance to as many Current Retirees as possible who may need such aid. As it cannot be determined what exact criteria shall be deemed to meet this balance before applications have been received, the Hardship Committee shall review all Hardship Applications submitted to determine the baseline number of retirees to receive such aid and the amount of hardship aid that should be provided to said retirees. (By way of example only, after reviewing 150 applications, it may be determined that \$40,000 is to be provided on a gross monthly basis, that 70 of this group should be provided with \$500 monthly aid, and 20 of this group receive \$250 monthly aid. 60 applications would be rejected on this example. As best as practicable, objective criteria should then be drafted by the Hardship Committee that defines the final criteria determined by the Hardship Committee.)
4. When making determinations as to application of the Hardship funds, the Hardship Committee should take into consideration factors such as the total

health care costs of applicants as a percentage of their household income, the income of the applicant, the overall financial resources of the applicant, whether the applicant's health or personal situation such as advanced age or number of dependents that makes it difficult for him/her to obtain employment sufficient to mitigate his/her financial need, the expenses faced by the applicant, including the health care expenses (and, as applicable, related expenses, such as , for example, transportation costs for twice weekly trips for kidney dialysis) of the applicant; and the immediacy of the applicant's financial need. The Hardship Committee may timely seek additional information from applications if information provided by an applicant requires clarification or additional information is necessary.

5. The Hardship Committee shall then internally designate in writing which applications have been approved and/or denied. If approved, the writing should indicate the amount of monthly aid to be provided.

6. A letter of approval/or denial will be sent to the applicants from the Hardship Committee.

7. The denial letter gives specific reason for denial explaining the retiree has the right to ask for reconsideration and/or to provide supplemental information.

8. Decisions on Hardship Applications must be made within 60 days from receipt.

9. If an applicant asks for reconsideration, the full VEBA Committee will review the case and make a binding recommendation to the Hardship Committee. An applicant may file an appeal of any such decision within 90 days after receipt of the Hardship Committee's decision regarding eligibility, stating with specificity why the individual believes that he or she is eligible to participate in the Hardship Fund. The VEBA Committee shall respond to such an appeal within 60 days.

10. If approved by the Hardship Committee or otherwise upon appeal to the VEBA Committee, arrangements to pay health care premiums will be timely made.

11. While it is the intent to utilize the hardship funds to support health care insurance payments, vision and dental health care premiums are not included.

12. Hardship approvals are for one (1) year but may be revised if individual circumstances change, if applicants are added between yearly assessments and/or as the needs of the overall Hardship fund otherwise require. It is initially anticipated that the first enrollment process will be each June. The Hardship Committee may modify the criteria used to determine which applicants receive

Hardship funds in association with the annual application process to best achieve the intended goals set forth herein.

13. Letters to Hardship recipients will be timely sent prior to annual Hardship enrollment/re-enrollment periods reminding them of the need to re-apply.

14. The Hardship Committee shall report to the VEBA Committee any and all information regarding the decision making process, the criteria utilized to selection of applicants and to otherwise identify the progress of meeting the Hardship fund goals.

15. To avoid even the appearance of impropriety, any Hardship Committee member must avoid voting upon and/or impacting the decision with respect to any application that is a relative and/or social acquaintance.

16. All Hardship Committee members must be cognizant that applicants are providing confidential and sensitive information. Accordingly, all information provided to the Hardship Committee will be treated confidentially and reasonable efforts will further be taken to ensure that documents containing information such as social security numbers and the like are properly stored and/or disposed of when necessary.