To: Mary Averill, Division Manager, TPD 7 Date: 9/30/2015

Through: Ericka DeMarco, Actuarial Case Processing Branch Manager, Signature: Ericka DeMarco

From: Tanya Palacio, Actuary, ASD – Case Processing Section D Signature: Palacio

**Actuarial Case Memo for:**
**Delphi Retirement Program for Salaried Employees**
**Case Number: 20637000**
Date of Plan Termination: July 31, 2009
Valuation Interest Rates: Lump Sum: 3.75%, Annuity: 5.31% for 20 years, 5.04% thereafter

ASD – Case Processing Section D reviewed and accepted Bolton Partners DC Inc.'s valuation of this PBGC-trusteed pension plan using ACT 6.7. Unless this memo states otherwise, the valuation relied on participant data verified to be accurate and complete. The present values of benefits as of the Date of Plan Termination (DOPT) are:

| (1) No. | (2) Group | (3) Present Value of Title IV Benefits | (4) Present Value of Unfunded Non-Guaranteed Benefits | (5) Present Value of Total Benefit Liabilities (3) + (4) | (6) Present Value of 4022(c) Benefits | (7) Present Value of Termination Benefits (3) + (6) |
|---|---|---|---|---|---|---|
| 7,606 | Retirees | $2,622,665,821 | $294,371,108 | $2,917,036,929 | $31,733,336 | $2,654,399,157 |
| 434 | Beneficiaries and Alternate Payees in Pay | $75,427,852 | $1,834,444 | $77,262,296 | $209,607 | $75,637,459 |
| 3,776 | Separated Vesteds | $217,678,186 | $4,082,377 | $221,760,563 | $139,978 | $217,818,164 |
| 19 | Deferred Beneficiaries | $1,200,982 | $0 | $1,200,982 | $0 | $1,200,982 |
| 8,098 | Active Vesteds | $1,091,880,006 | $221,238,069 | $1,313,118,075 | $8,074,627 | $1,099,954,633 |
| 0 | Non-Vesteds | $0 | $0 | $0 | $0 | $0 |
| 19,933 | TOTAL | $4,008,852,847 | $521,525,998 | $4,530,378,845 | $40,157,548 | $4,049,010,395 |

| | | |
|---|---|---|
| A. Present Value of Title IV Benefits | | $4,008,852,847 |
| B. Final Assets Available for Allocation* | | $2,513,034,548 |
| C. Unfunded Guaranteed Benefits (UGBs) | (A – B) | $1,495,818,299 |
| D. Unfunded Non-Guaranteed Benefits (UNGBs) | | $521,525,998 |
| E. Unfunded Benefit Liabilities (UBLs) | (C + D) | $2,017,344,297 |
| F. Actual Recovery Ratio | | 7.70% |
| G. 4022(c) Amount | (D x F) + $46 | $40,157,548 |
| H. Present Value of Termination Benefits | (A + G) | $4,049,010,395 |

* CMS Final Valuation Net Assets of $2,513,109,716.74 were reduced by pre-termination plan liabilities of $75,168.59 to account for the difference between the final pre-termination plan liability of $2,295,675.59 and the estimated pre-termination plan liability of $2,220,507.00 shown on CMS.

## 1. Relevant Dates / Termination Information

Notice of Determination (NOD): July 20, 2009
Notice of Intent to Terminate (NOIT): N/A
Proposed DOPT contained in NOIT: N/A
Bankruptcy Petition Date: October 8, 2005
Facility Closing Date: As of DOPT, many Delphi facilities were open. For a list of the Delphi facilities that were closed as of DOPT, see Appendix A.
Date of Trusteeship (DOTR): August 10, 2009
Overpayment Accrual Commencement Date (OACD): July 31, 2009

The plan administrator did not issue a NOIT in this case. Accordingly, the OACD is July 31, 2009, the later of the NOD and DOPT.

## 2. Participant Count Reconciliation

*Participant Count as of DOPT*

The participant count in this report does not agree with the count Maria Caban, Auditor TPD 7, reported in the Participant Review Summary, dated April 29, 2013 (Image Viewer Doc. #400416348). The auditor's population of 20,187 has been changed to 20,160. The 20,160 count is different from the 19,933 count that appears on page one because of the method we used for valuing QDRO liabilities. The 20,160 count includes 227 alternate payees in pay at DOPT whose liabilities were included with the calculation of the liabilities of the associated participants (see Section 24. *Qualified Domestic Relations Orders (QDROs)*). In summary the participant count reconciliation is shown in the following table:

| Populations | Count |
|---|---|
| Auditor's Population | **20,187** |
| Additions to the Auditor's Population | +12 |
| Subtractions to the Auditor's Population | -39 |
| Valuation Population | **20,160** |
| Alternate Payee's Liabilities included with Participant's Liabilities | -227 |
| Case Memo Page One Liability Table Population | **19,933** |

The adjustments from the 20,187 in the auditor's population to the 20,160 in the valuation population are documented as follows:

Additions:

+5 [redacted], [redacted], and [redacted], are separated vested participants with employee contributions as of DOPT but they were not included in the auditor's population.

+1 [redacted] is the deferred beneficiary of participant [redacted] who died on June 28, 2001, before DOPT but was not included the auditor's population.

+1 [redacted] is a retired participant in pay as of DOPT but was not included the auditor's population.

+5 Five alternate payees, [redacted], and [redacted] are entitled to benefits but they were not included the auditor's population.

+12 Total Additions

Deletions:

-4 [redacted], and [redacted]) are separated non-vested participants (see table below for more information) and are not entitled to benefits from the Delphi Salaried Plan.

-32 There are 32 participants who received benefits from the Delphi Hourly Plan and/or GM or a purchased annuity (see Appendix B) and are not entitled to benefits from the Delphi Salaried Plan.

-1 [redacted] was listed twice as an alternate payee and as a participant in the auditor's database. She is not a participant. Therefore, we removed her from the valuation as a participant.

-1 [redacted], the alternate payee of [redacted], is only eligible for a survivor benefit from the benefits in pay of [redacted]. Therefore, we removed her from the valuation as an alternate payee.

-1 [redacted] retired before DOPT and died on DOPT with no survivor benefit. Therefore, we removed her from the valuation.

-39 Total Deletions

| No. | Participant Name | Participant SSN | Years of Vesting Service Required | Years of Vesting Service Earned | Additional Note |
|---|---|---|---|---|---|
| 1 | [redacted] | [redacted] | 5 | 4.3333 | Did not return from educational leave; determined to be non-vested by plan administrator |
| 2 | [redacted] | [redacted] | 5 | 2.5833 | Service at GM is not credited in the Delphi plan because she was not active at the spinoff date |
| 3 | [redacted] | [redacted] | 5 | 4.1667 | Did not return from an unspecified leave; determined to be non-vested by plan administrator |
| 4 | [redacted] | [redacted] | 5 | 3.3333 | Did not return from educational leave; determined to be non-vested by plan administrator |

*Spectrum Count as of March 26, 2015*

There are 20,871 participants, beneficiaries and alternate payees in Spectrum, 20,160 of whom are included in the valuation. See Appendix C for a list of the 377 participants and beneficiaries in Spectrum who were excluded from the valuation. See Appendix D for a list of the 334 alternate payees in Spectrum who were excluded from the valuation.

## 3. Data Issues

The valuation relied on verified plan and participant data. Any changes made to this data are documented in the Leo database building tool. The source document used to make these changes can be found in either the archive system or in Image Viewer. Output from Leo is located in file 20637000d1.xlsx in PBGC's Archive Access System.

*Fidelity Investments Data Sources*

Fidelity Investments (Fidelity), the third party administrator hired by Delphi to administer the plan, provided PBGC with the participant data tables from their pension administration system. Fidelity called these tables "Deconversion" files. PBGC built a data viewer in Access to view this data. The primary source of data for calculating service, average monthly base salary, and employee contribution account balances are the *employment_events*, *earnings_hours*, and *transaction_history* tables located in the Deconversion files. We also used the Delphi documents pertaining to each participant on PBGC's Image Viewer system and employment information from the Delphi participant employment history system (Delphi called this system SAP) as sources of data. The Deconversion and SAP files provided to PBGC by Fidelity are located on PBGC's Archive Access System (see folder titled *Participant Data Review (PDR)*).

*Deferred Participants' Part A and Part B Benefit Components Data and Calculations*

We calculated the Part A and Part B accrued benefits (see Section 5, *Plan Benefit Formula Summary*, for a description of Part A and Part B benefits) for all deferred participants. The following benefit components are needed to calculate the Part A and Part B accrued benefits:

a. Part A Credited Service,
b. Part B Credited Service,
c. Eligibility Service[1],
d. Vesting Service,
e. Average Monthly Base Salary,
f. Total Employee Contributions without Interest made before July 1, 1977,

[1] Eligibility service in the plan documents is referred to as credited service. Up until the benefit freeze date, credited service for determining benefits and credited service for determining eligibility were the same. At the inception of the benefit freeze, the plan stipulated that credited service would accrue after the freeze date for eligibility purposes. In order to distinguish between the two types of credited service throughout this memo, we use the term eligibility service to mean credited service that includes credited service earned after the benefit freeze for the purposes of eligibility.

g. Total Employee Contributions without Interest made on or after July 1, 1977 and before October 1, 1979, and
h. Total Employee Contributions without Interest made on or after October 1, 1979.

Fidelity calculated all or some of the benefit components (a) through (h) for over 9,000 deferred participants and the associated accrued monthy benefits from these components. We compared a sample (300 participants) of the Fidelity calculated benefit components and accrued benefits to benefit components and accrued benefits we calculated using participant data from the Delphi pension administration system data files. We found that the difference between the accrued benefits calculated with benefit components determined by Fidelity and the accrued benefits we calculated with benefit components we determined using participant data from the Delphi pension administration system data files was always within $5/5% tolerance. That is, the absolute value of the difference between the Fidelity accrued benefits and our calculated accrued benefits was never more than the greater of $5 or 5% of the lesser of the two accrued benefits. Because we were able to reasonably match the Fidelity accrued benefits, we accepted the participant benefit components (a) through (h) calculated by Fidelity when available. There are five files with the calculations and conclusions for accepting the Fidelity benefit components located on PBGC's Archive Access System (see *AMB* folder). A list of these files is contained in the PBGC File Memorandum, dated December 10, 2013 (Image Viewer Doc. #401479567).

We calculated benefit components (a) through (h) for over 1,000 deferred participants for whom Fidelity did not provide inputs. We calculated a final benefit component needed for priority category 2 benefits, employee contributions with interest as of DOPT, for all deferred participants. For each participant, the valuation spreadsheets in PBGC's Archive Access System show whether the source of the individual benefit component used to calculate the participant's accrued benefit came from Fidelity or PBGC calculations.

An individual participant could have up to 150 employment event records (each containing code, reason, description, and date), 296 earning records (each containing amount and date), and 643 employee contribution records (each containing amount and date) in the Deconversion files. It was not practical to enter this volume of data for the deferred vested participants into the Leo database. We calculated the service, average monthly base salary, employee contribution balances without interest, and employee contribution with interest balance as of DOPT outside of ACT for all of the participants with missing benefit components. There are over 30 files with these calculations located on PBGC's Archive Access System (see the *Benefit Component Calculations* folder). A list of these files is contained in the PBGC File Memorandum, dated December 23, 2013 (Image Viewer Doc. #401717491).

*PC3 Benefit Components Data*

We calculated the average monthly base salary as of the date 3 years before DOPT, July 31, 2006, for all participants who terminated employment after July 31, 2006 and who were eligible for priority category 3 benefits.

We calculated total employee contributions without interest made on or after October 1, 1979 and on or before July 31, 2006 for all participants who terminated employment after July 31, 2006 and who were eligible for priority category 3 benefits.

The PC3 Components Data files are located on PBGC's Archive Access System (see the *Benefit Component Calculations PC3* folder).

*Retired Participants' Part A and Part B Benefit Components Data and Calculations*

Based on the benefit component testing described for deferred vested participants, we relied on the individual Part A and Part B data components described above from Fidelity for calculating retirees' benefits. If a retiree was missing a component necessary for the calculation of the retiree's accrued benefit, but the retiree's accrued benefit was available, then we used the Fidelity stored accrued benefit. If a retiree was missing a component necessary for the calculation of the retiree's benefit in pay and the associated accrued benefit, then we calculated the missing benefit component from the retiree's raw data. See Section 19, *Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability*, for the discussion of pre-DOPT retiree benefit changes.

*In-Service Withdrawal of Employee Contributions with Interest*

The plan allowed participants to withdraw their employee contributions with interest while still employed. A participant's Part B credited service was reset to zero years upon such a withdrawal. We used the Deconversion data described above to calculate the "ERISA Minimum Benefit" at each in-service withdrawal date. Please see Section 11, *Benefit / Plan Document Interpretations of Note*, subsection *H. Withdrawal of Employee Contributions*, for more information regarding the "ERISA Minimum Benefit."

*Deferred and Retired Participants' Part C Benefit Components Data and Calculations*

We calculated the Part C cash balance accrued benefit (see Section 5, *Plan Benefit Formula Summary*, for a description of Part C benefits) for all deferred and retired participants. In order to calculate the Part C accrued benefit for a participant, the participant's cash balance as of the date of the benefit freeze is needed. We calculated this amount using the raw earnings data available for participants in the Delphi Deconversion files. We were able to match the Fidelity cash balance credit data and cash balance at the date of benefit freeze for over 95% of the Part C population within $5/5% tolerance. We sent our findings to John DeMarco, the former Delphi Director of Pension and Welfare Benefits. Mr. DeMarco was able to determine that, for some participants, the earnings data that Fidelity used to calculate Part C credits were incorrect. Mr. DeMarco obtained earnings data from Delphi's SAP employee record keeping system. We accepted the earnings data he provided to us for 23 participants and recalculated their Part C credits. The earnings data provided by Mr. DeMarco is contained in the Leo database. Below is a breakdown of the source for the data we used to calculate the cash balance as of the benefit freeze date for the cash balance population.

| Data used to Calculate Participant's Cash Balance | Number of Participants |
|---|---|
| Fidelity Cash Balance Credit Data | 1,578 |

| Data used to Calculate Participant's Cash Balance | Number of Participants |
|---|---|
| Earnings Data from the Delphi Deconversion File | 28 |
| Earnings Data Provided by John DeMarco | 23 |
| Fidelity Cash Balance (cash balance credit and earnings data were not available for these participants) | 2 |

## 4. Plan Documents

General Motors Corporation (GM) spun off Delphi Automotive Systems Corporation (Delphi) effective January 1, 1999 as a wholly owned subsidiary and, effective May 28, 1999, as an independent company. As part of the spinoff, Delphi assumed responsibility for the active salaried employees of the spun-off units, including employees on layoff. Delphi was not responsible for GM employees who terminated employment before January 1, 1999, except for prior GM deferred vested employees working for divested units of GM as of January 1, 1999 (see Section 5, *Plan Benefit Formula Summary*, for a list of GM divested units).

| Document Description | Effective Date | Adoption Date | Document Summarized? | Phase-In Percentage | Phase-In Will Cut Benefits? |
|---|---|---|---|---|---|
| Delphi Retirement Program for Salaried Employees | Effective January 1, 1999 with modifications through September 30, 2002 | Not signed or dated* | Yes | 100% | No |
| Delphi Retirement Program for Salaried Employees (Restated October 1, 2008) | October 1, 2004 | Not signed or dated* | Yes | Benefit Rate increase, $80/80% based on effective date of increase | Yes |
| | | | | Early and Interim supplement increases, $80/80% based on effective date of increase | No** |
| | | | | 401(a)(17) Compensation Limits, $80/80%, $60/60%, $40/40%, $20/20%, 0% based on effective date of the increase | Yes |
| | | | | Immediate Vesting at Freeze Date, 0% based on effective date of the benefit freeze | Yes |
| | | | | Mutually Satisfactory Retirement, September 30, 2008, 0% | Yes |

* PBGC accepted the unsigned documents above as valid adopted plan documents (see the March 17, 2015 e-mail from OCC, Image Viewer Doc. #403829824).

** The Early and Interim supplement increases were not large enough to be reduced by the $80/80% phase-in limitation for any participant.

Plan benefits were frozen effective September 30, 2008. The only plan document containing the freeze provisions is the unsigned Restatement effective October 1, 2004, which OCC determined was validly adopted (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *S. Validity of Benefit Freeze*).

The two unsigned plan documents listed in the table above are the only formal plan documents since January 1, 1999. In many instances, plan benefit changes were made through internal Delphi documents, agreements, proposals, and company memorandums without the plan being formally amended. These documents are available on PBGC's Image Viewer system in the directory for this PBGC case. These other types of plan documents are listed below.

*Career Transition Program and Salaried Retirement Incentive Program Agreements*

At various times, Delphi made retirement windows available to certain participants to encourage employee retirement through "Programs." Typically, these retirement windows, in regard to plan provisions, contained increases to final average salary and/or subsidized early retirement benefits. Listed below are the program descriptions for which we have copies.

1. December 7, 1998 Administrative Guidelines - Delphi Automotive Systems Window Retirement Program and Career Transition Program (CTP)
2. January 1, 1999 (Window A and CTP A) and January 1, 1999 – April 1 (Window B and CTP B), 1999 Delphi Automotive Systems Window Retirement Programs (Window) and Career Transition Programs (CTP) for Salaried Employees
3. February 1, 2001 Delphi Salaried Retirement Incentive Program (SRIP) and Career Transition Program
4. April 1, 2001 Delphi Delco Salaried Retirement Incentive Program and Career Transition Program
5. June 1, 2001 Delphi Salaried Retirement Incentive Program and Career Transition Program
6. March 1, 2002 Delphi Salaried Retirement Incentive Program and Career Transition Program
7. March 1, 2004 Delphi U.S. Targeted Salaried Retirement Incentive Program
8. May 1, 2004 Delphi U.S. Information Technology Targeted Salaried Retirement Incentive Program

Benefit increases attributed to the Programs are 100% phased-in.

*Divestiture, Sale and Asset Purchase Agreements*

Listed below are the divestiture agreements for which we have copies. In many cases the available agreement documents are missing pages.

1. January 1, 1985, Sales Agreement between EDS and General Motors Corporation
2. January 1, 1988, Sales Agreement between Detroit Diesel Technology Corporation and General Motors Corporation
3. October 31, 1992, Sales Agreement between Dayton-Phoenix and General Motors Corporation

4. February 18, 1994 Asset Purchase Agreement by and between American Axle & Manufacturing, Inc. and General Motors Corporation
5. March 31, 1994 Asset Purchase Agreement between ITT Automotive Electrical Systems, Inc. and General Motors Corporation
6. July 13, 1994 Asset Purchase Agreement by and among DR International, Inc., and General Motors Corporation
7. June 1, 1995 Asset Purchase Agreement by and between General Motors Corporation, Delphi Energy & Engine Management Systems Division and Magnequench International, Inc.
8. December 10, 1996 Asset Purchase Agreement among General Motors Corporation, Peregrine Incorporated and Peregrine U.S., Inc.
9. August 31, 1998 Master Sale and Purchase Agreement General Motors Corporation and Lear Corporation
10. September 29, 1998 Lightsource Formation Agreement among General Motors Corporation, Lightsource Parent Corporation, and PEP Guide, LLC
11. December 22, 1998 Memorandum of Understanding Regarding the Impact on Employees of the Sale of Coil Springs Business of Delphi Chassis Systems – Livonia
12. September 17, 2007 Asset Purchase Agreement among TRW Integrated Chassis Systems LLC, Delphi Automotive Systems LLC and Delphi Technologies, Inc.
13. October 15, 2007 Master Sale and Purchase Agreement among Delphi Corporation, and INTEVA Products, LLC
14. February 19, 2008 Sale and Purchase Agreement by and between Delphi Automotive Systems LLC and Kyklos, Inc.
15. March 7, 2008 Asset Purchase Agreement by and between Delphi Automotive Systems LLC and Tenneco Automotive Operating Company Inc.
16. November 7, 2008 Amended and Restated Master Sale and Purchase Agreement among Delphi Corporation, Strattec Security Corporation, Witte-Velbert GMBH & Co. KG and Vehicle Access Systems Technology LLC

*Summary Plan Description and Summary of Plan Changes Documents*

1. Summary Plan Description for Salaried Employees Hired on or before December 31, 2000 and/or with a Service Date on or before December 31, 2000
2. Summary Plan Description for Salaried Employees Hired on or after January 1, 2001 and/or with a Service Date on or before January 1, 2001
3. Important News for Delphi U.S. Salaried Employees for Employees with a Length of Service Date on or before September 30, 1983
4. Important News for Delphi U.S. Salaried Employees for Employees with a Length of Service Date between October 1, 1983 and December 31, 1987
5. Important News for Delphi U.S. Salaried Employees for Employees with a Length of Service Date between January 1, 1988 and December 31, 1992
6. Important News for Delphi U.S. Salaried Employees for Employees with a Length of Service Date between January 1, 1993 and December 31, 2000
7. Important News for Delphi U.S. Salaried Employees for Employees with a Length of Service Date on or after January 1, 2001

*Delphi Employee Benefit Plans Committee Memorandums and Minutes*

1. December 2, 1999, Benefit Modifications Covering Salaried Employees in the U.S.
2. December 10, 1999, Proposed Treatment of Employees Transferred Between Delphi Automotive Systems and Packard-Hughes Interconnect
3. March 21, 2000, Proposed Amendment to the Salaried Retirement Program Regarding the Treatment of Salaried Employees Who Transferred to GM from Hughes under the GM-Hughes Transfer Procedure and Subsequently Became Delphi Employees Due to the Spin-off
4. September 12, 2000, Proposed SRIP Amendment to the Delphi Automotive Systems (Delphi) Retirement Program for Salaried Employees
5. October 12, 2000, Proposed Amendment to the Delphi Retirement Program for Salaried Employees (SRP) Covering Certain Peregrine Employees
6. January 25, 2001, Proposed SRIP Amendment to the Delphi Automotive Systems (Delphi) Retirement Program for Salaried Employees of Delco Electronics Corporation
7. March 20, 2001, Proposed SRIP Amendment to the Delphi Automotive Systems (Delphi) Retirement Program for Salaried Employees
8. November 20, 2001, Proposed SRIP / CTP Amendments to the Delphi Automotive Systems (Delphi) Retirement Program for U.S. Salaried Employees
9. November 14, 2002, Reinstatement of S-SPP Match and Required Retention Period, Increase in Retirement Accumulation Plan Pay Credit
10. November 14, 2002, Minutes of Employee Benefit Plans Committee Meeting
11. August 15, 2003, Cash Balance Plan: Delphi Retirement Program for Salaried Employees
12. November 10, 2003, Benefit Modification Covering U.S. Salaried Employees
13. February 19, 2004, Proposed SRIP Amendments to the Delphi Retirement Program for Salaried Employees
14. May 21, 2004, Amendment to the Delphi Retirement Program for Salaried Employees
15. May 21, 2004, Benefit Modification Covering U.S. Salaried Employees
16. January 25, 2008, Proposed Treatment of Salaried Employees Transferred Between Delphi Mechatronics Systems and Delphi Corporation
17. August 15, 2008, Modifications to Freeze the Delphi Retirement Program for Salaried Employees effective September 30, 2008
18. August 15, 2008, Amendment to the Delphi Retirement Program for Salaried Employees to comply with the Pension Protection Act
19. September 19, 2008, Proposed Treatment of Salaried Retirees of Packard-Hughes Interconnect

*Insurance Company Purchased Annuity Contracts*

1. Aetna Life Insurance Company Group Annuity Contract No. GA-14646 Effective May 1, 2000
2. MetLife Transfer Agreement Group Annuity Contract No. 25427
3. The Prudential Insurance Company of America Group Annuity Contract No. GA-40016 Effective May 1, 2000

*Fidelity Plan Rules Documents*

Fidelity wrote and maintained two "Plan Rules" documents: *Delphi Salaried Programs Defined Benefit Plan Rules* (Image Viewer Doc. #400914215) and *Delphi Divestitures Defined Benefit Plan Rules* (Image Viewer Doc. #400913994). Upon comparison to actual plan documents, these documents reasonably summarized plan provisions. In many cases these documents provide historical background and reasonable interpretations to plan issues not contained in the actual plan documents.

*Miscellaneous Documents*

1. January 29, 1998, GM HR Communications Bulletin Board Memo: Treatment of Salaried Employees Transferring Between the U.S. and Canada with Respect to Retirement Benefits
2. December 22, 1998, GM – Delphi Spin-Off Agreement: U.S. Employee Matters Agreement
3. September 13, 2007 Internal Revenue Service ruling to Delphi regarding plan freeze benefit increases while in bankruptcy
4. September 15, 2008 Delphi Benefit Freeze Notice to Participants
5. September 24, 2008 IRS Notice 2008-30 Letter from Fidelity to John DeMarco of Delphi
6. Undated, Executive Summary, Proposed Delphi Automotive Systems Treatment of Salaried Employees Transferred between Delphi Automotive Systems and Delphi Diesel Systems
7. Questions and Answers Document: Special Provisions of the Delphi Salaried Retirement Program for Delphi Salaried Employees who transferred from Hughes to GM Prior to May 28, 1999
8. Agreement – Delphi Automotive Systems Treatment of Salaried Employees Transferred between Delphi Automotive Systems and ASEC Manufacturing
9. December 17, 2010, Noble Eagle Document, Compensation and Benefit Treatment for Salaried and Hourly Employees Called to Special Active Duty in Armed Forces as a result of the Incidents Occurring on September 11, 2001
10. Occupational Pension Plan In Favor of the Employees of Delphi Automotive Systems Luxembourg S.A. hereafter called the Employer, Rules of the Personal contribution Plan
11. Rules of the Retirement Plan of Delphi Controladora, S.A. De C.V.
12. Your General Motors Status and Your General Motors Benefits Following the Sale of the Saginaw Actuator Business if You are a Salaried Employee
13. Your General Motors Status and Your General Motors Benefits Following the Sale of Terex Division if You are a Salaried Employee

## 5. <u>Plan Benefit Formula Summary</u>

The Delphi Salaried Plan benefits are composed of three parts; Part A, Part B, and Part C. Parts A and B are applicable to participants who accrued service before January 1, 2001. Part C is applicable to (1) any new salaried employee hired on or after January 1, 2001 or (2) any salaried employee who terminated employment before January 1, 2001 and was rehired on or after January 1, 2001.

PBGC concluded that the plan sponsor validly froze plan benefits effective September 30, 2008 (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *S. Validity of Benefit Freeze*).

*Part A Benefits*

Part A benefits are benefits applicable to any salaried employee who accrued service before January 1, 2001. Employee contributions were not required in order for a participant to accrue Part A benefits. Part A benefits are determined based on the participant's Basic Benefit Rate multiplied by years of Part A credited service.

A participant's Basic Benefit Rate is based on the participant's Benefit Determination Date and Benefit Class Code.

The Benefit Determination Date for a participant eligible for immediate retirement at termination of employment is the first of the month following the date of termination of employment; otherwise, it is the date of termination of employment. If a participant accrues a Part A benefit, terminates employment, and is rehired on or after January 1, 2001, and so begins accruing a Part C benefit (see *Part C Benefits* below), then the benefit rate used to calculate the participant's Part A benefit is based on the Benefit Determination Date using the participant's final date of termination of employment.

The Benefit Class Code of a participant is determined by the participant's salaried position level for the greatest number of days during the 24 consecutive months preceding the earlier of the last day worked or benefit freeze date. John DeMarco, the former Delphi Director of Pension and Welfare Benefits, provided information regarding the determination of the participant's salaried position level (see Image Viewer Doc. #404521931).

The Benefit Class Code applicable to an employee is shown in the following table:

| Salaried Position Level | Benefit Class Code |
|---|---|
| 1 and 2 | A |
| 3 | B |
| 4 | C |
| 5 and above | D |

Over 99% of the participants with Part A benefits had a Benefit Class Code equal to D. There were 93 participants for whom we did not have their Benefit Class Code and did not have enough participant data to determine their Benefit Class Code. We assigned a Benefit Class Code of D to these participants.

Until October 1, 2002, Basic Benefit Rates were determined for more than a one-year period for participants eligible for <u>immediate</u> retirement. The Delphi Employee Benefit Plans Committee referred to these periods as "rolling" rate periods. A participant eligible for rolling rates would initially be placed into pay using the benefit rate in effect at the participant's Benefit Determination Date. Thereafter, the participant's benefit in pay would be recalculated each effective date that falls within the rolling rate period that contains the participant's Benefit Determination Date in accordance with the rolling rate benefit tables.

For example, consider a participant with a Benefit Class Code of D who is eligible for immediate retirement and retires on January 1, 2001. This retirement date falls in the rolling rate period from October 1, 1999 to October 1, 2003. The participant's initial benefit in pay is calculated using a benefit rate of $43.25 (taken from the appropriate rolling rate table below). On October 1, 2001, the participant's benefit would be recalculated using a benefit rate of $45.25. On October 1, 2002, the participant's benefit would be recalculated using a benefit rate of $47.45. The participant would receive no more benefit increases from rolling rates after October 1, 2002.

The following two tables show the benefit rates for the two rolling rate periods associated with the plan after the GM spinoff:

Table of Rolling Benefit Rates for Participants Eligible for Immediate Retirement On and After October 1, 1996 and Prior to October 1, 1999

| Benefit Determination Date | Benefit Class Code | Basic Benefit Rate for Benefit Payments Commencing | | | |
|---|---|---|---|---|---|
| | | 10/01/1996 through 09/01/1997 | 10/01/1997 through 09/01/1998 | 10/01/1998 through 09/01/1999 | 10/01/1999 and after |
| 10/01/1996 and prior to 10/01/1999 | A | unknown | unknown | unknown | $40.50 |
| | B | unknown | unknown | unknown | $40.75 |
| | C | unknown | unknown | unknown | $41.00 |
| | D | unknown | unknown | unknown | $41.25 |

Table of Rolling Benefit Rates for Participants Eligible for Immediate Retirement On and After October 1, 1999 and Prior to October 1, 2003

| Benefit Determination Date | Benefit Class Code | Basic Benefit Rate for Benefit Payments Commencing | | | |
|---|---|---|---|---|---|
| | | 10/01/1999 through 09/01/2000 | 10/01/2000 through 09/01/2001 | 10/01/2001 through 09/01/2002 | 10/01/2002 and after |
| 10/01/1999 and prior to 10/01/2003 | A | $40.80 | $42.50 | $44.50 | $46.70 |
| | B | $41.05 | $42.75 | $44.75 | $46.95 |
| | C | $41.30 | $43.00 | $45.00 | $47.20 |
| | D | $41.55 | $43.25 | $45.25 | $47.45 |

Basic Benefit Rates (no rolling rate periods) for participants who terminated employment before October 1, 2003 and who were not eligible for immediate retirement are shown in the following table:

| Benefit Determination Date | Basic Benefit Rate by Benefit Class Code | | | |
|---|---|---|---|---|
| | A | B | C | D |
| 10/01/1999 and prior to 10/01/2000 | $40.80 | $41.05 | $41.30 | $41.55 |
| 10/01/2000 and prior to 10/01/2001 | $42.50 | $42.75 | $43.00 | $43.25 |
| 10/01/2001 and prior to 10/01/2002 | $44.50 | $44.75 | $45.00 | $45.25 |
| 10/01/2002 and prior to 10/01/2003 | $46.70 | $46.95 | $47.20 | $47.45 |

After October 1, 2003, the Salaried Retirement Program did not adopt any rolling rate periods.

Basic Benefit Rates for <u>all</u> participants with a date of termination of employment on or after October 1, 2003 are shown in the following table:

| Benefit Determination Date | Basic Benefit Rate by Benefit Class Code | | | |
|---|---|---|---|---|
| | A | B | C | D |
| 10/01/2003 and prior to 10/01/2004 | $47.75 | $48.00 | $48.25 | $48.50 |
| 10/01/2004 and after | $48.80 | $49.05 | $49.30 | $49.55 |

Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *A. Benefit Changes Effective October 1, 2003*, for more information regarding the adoption of the benefit rates effective October 1, 2003.

Part A credited service is calculated as complete years and months from the participant's date of hire where one month is credited if the participant works at least 15 days in a month.

*Part B Benefits*

Part B benefits are applicable to any salaried employee who accrued service before January 1, 2001 and who made employee contributions to the Plan. The contribution rate was 1.25% of monthly base salary in excess of $4,200, effective January 1, 2008 ($3,500, effective January 1, 2003; $3,000, effective January 1, 2000; and $2,700, prior to January 1, 2000). On September 30, 2008, the plan freeze date, employee contributions ceased. Interest on accumulated employee contributions continued to accrue after the freeze date. There are two Part B benefits, Part B Primary and Part B Supplementary.

<u>Part B Primary</u>

Part B Primary monthly benefits are calculated using the following formula: (0.05 x employee contributions without interest made before July 1, 1977) + (0.0625 x employee contributions without interest made on or after July 1, 1977 and before October 1, 1979) + (0.08333 x employee contributions without interest made on or after October 1, 1979).

Under the plan, participants who withdraw their employee contributions after termination of employment receive a reduced Part B Primary benefit. The plan reduction offset is the monthly benefit attributable to the employee contributions as defined in ERISA. The plan provisions do not specify how the benefit attributable to employee contributions at the date of retirement is calculated. Plan practice shows that accumulated employee contributions were converted at the participant's normal retirement date to a straight life annuity and plan factors were used to determine the benefit at the participant's date of retirement. We followed this method in the valuation.

Prior to DOPT the plan credited employee contributions with annual interest of 120% of the federal mid-term rate from the first day of the plan year. For the purposes of determining the monthly benefit attributable to the employee contributions the plan calculated the annuity equivalent of the employee contributions in accordance with Section 411 of the Code and regulations thereunder, using the Applicable Interest Rate and Applicable Mortality Table as defined in IRC §417(e)(3). The plan defines the Applicable Interest Rate using a lookback to the third month prior to the first day of the plan year preceding the date of determination.

For participants with employee contributions remaining in the plan at DOPT, for the purposes of determining the monthly benefit attributable to the employee contributions, employee contributions are credited with 4.57% interest after DOPT, the rate defined in IRC §417(e)(3) as of July 1, 2008, the third month prior to the first day of the plan year preceding DOPT. The employee contributions at normal retirement date are converted to a straight life annuity using 4.57% interest and the Applicable Mortality Table as defined in IRC §417(e)(3) (1994 Group Annuity Reserving Table Mortality, 50% male / 50% female, projected to 2002).

The plan allowed participants to make employee contribution withdrawals while working. Please see Section 11. *Benefit / Plan Document Interpretations of Note*, subsection *H. Withdrawal of Employee Contributions while Working* for a discussion of this plan provision.

Part B Supplementary

The monthly Part B Supplementary benefit is based on the following formula: 1% x Part B Credited Service x (Average Monthly Base Salary - Part B Supplementary Compensation Level).

| Benefit Determination Date | Part B Supplementary Compensation Level |
|---|---|
| 10/01/1999 and prior to 10/01/2000 | $4,155.00 |
| 10/01/2000 and prior to 10/01/2001 | $4,325.00 |
| 10/01/2001 and prior to 10/01/2002 | $4,525.00 |
| 10/01/2002 and prior to 10/01/2003 | $4,745.00 |
| 10/01/2003 and prior to 10/01/2004 | $4,850.00 |
| 10/01/2004 and after | $4,955.00* |

* In Part B, Article I, Section 2(a)(2) of the 2008 Restatement, the Part B formula compensation level is written as $4,745, instead of $4,955. The Plan Rules document and retiree calculations show that $4,955 was used effective October 1, 2004. John DeMarco, the former Delphi Director of Pension and Welfare Benefits, confirmed this was an error in the plan document. Note also that a $4,955 Part B formula compensation level maintains the historical relationship between the Part B formula compensation level and the Benefit Class Code D benefit rate (100 x $49.55 = $4,955).

Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *A. Benefit Changes Effective October 1, 2003*, for more information regarding the adoption of the Part B Supplementary Compensation level effective October 1, 2003.

If the first date the participant made employee contributions is on or before either the date the participant attains age 30 or the date the participant is first eligible to make employee contributions, then Part B credited service is equal to Part A credited service. A participant is first eligible to make employee contributions after the following conditions are met:

1. Attainment of age 21,
2. The employee has at least 6 months of continuous service, and

3. The employee's monthly base salary rate is greater than $2,700, prior to January 1, 2000; $3,000, effective January 1, 2000; $3,500, effective January 1, 2003; and $4,200 effective January 1, 2008.

If the participant elects to participate in Part B after the attainment of age 30, then Part B credited service begins to accrue on the date of participation. The participant is granted additional Part B credited service on a "time for time" basis for any period of employment prior to age 30 for which Part A credited service accrued, not to exceed the service accrued after the date of Part B participation. This means that Part A credited service earned before age 30 will be credited as Part B credited service but this additional service from Part A is limited to the amount of Part B credited service earned after age 30.

For example consider a participant who earns 10 years of Part A credited service before age 30 and did not make any employee contributions. The participant starts making employee contributions at age 35 and continues making employee contributions until termination of employment at age 40. Because the participant earned 5 years of Part B credited service from age 35 to age 40, the participant will receive 5 additional years of Part B credited service for Part A credited service earned before age 30 based on the time for time rule. The participant's total Part B credited service is 10 years.

If the participant in the example above made employee contributions from age 35 to age 55, then the participant earned 20 years of Part B credited service for this period. This participant will receive 10 additional years of Part B credited service based on the time for time rule because the additional service is limited to the participant's Part A service earned before age 30. The participant's total Part B credited service is 30 years.

The plan permitted participants to withdraw their employee contributions with interest. Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *H. Withdrawal of Employee Contributions*, for a discussion of the employee contribution in-service and out-of-service withdrawal provisions of the plan.

Average Monthly Base Salary is defined in the plan as the monthly average of the employee's Base Salary for the highest 60 months of the 120 months immediately preceding the employee's termination of employment. Base Salary is the salary paid for a month of work, including deferred compensation, limited to the amount defined in IRC section 401(a)(17). Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *N. Average Monthly Base Salary*, for more information. In the case of a participant who accrues a Part B Supplementary benefit, terminates employment, and is rehired on or after January 1, 2001 and so begins accruing a Part C benefit (see *Part C Benefits* below), the Average Monthly Base Salary used to calculate the participant's Part B Supplementary benefit will be the Average Monthly Base Salary as of the participant's final date of termination of employment.

*Part C Benefits*

Part C benefits are non-contributory benefits applicable to salaried employees who have a length of service date (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *C. Length of Service Date*) on or after January 1, 2001. This means salaried employees hired or rehired on or after January 1, 2001 or who were not full time employees before 2001 but became full time employees on or after January 1, 2001 are eligible for Part C benefits. For example, salaried employees who were college student interns before 2001 and became full time employees on or after January 1, 2001 were participants in Part C on their effective date of full time employment. These participants accrued only a Part A benefit for their service earned while they were student interns.

Part C benefits are cash balance benefits. Participants' initial cash balances were $0. The Part C data we received from Fidelity included an "Implementation Balance" as of September 30, 2003 for most participants who were hired before 2003. We noted that there were no 2001 and 2002 cash balance credits for these participants in the data. We confirmed with John DeMarco, the former Delphi Director of Pension and Welfare Benefits, that the September 30, 2003 "Implementation Balance" included the 2001 and 2002 cash balance credits and accrued interest up to September 30, 2003.

The cash balance period for determining cash balance credits changed from calendar years to plan years (October 1 to September 30) effective October 1, 2003. There was a short cash balance transition period from January 1, 2003 through September 30, 2003. Cash balance credits were based on a percent of earnings credited at the end of each cash balance period as shown in the following table:

| Cash Balance Period | Percent of Earnings |
|---|---|
| 01/01/2001 to 12/31/2001 | 4% |
| 01/01/2002 to 12/31/2002 | 4.7% (per the November 14, 2002, Minutes of Employee Benefit Plans Committee Meeting the change from 4% to 4.7% of earnings was effective 01/01/2002, Image Viewer Doc. #403762504) |
| 01/01/2003 to 09/30/2003 | 4.7% |
| 10/01/2003 to 09/30/2004 | 4.7% |
| 10/01/2004 to 09/30/2005 | 4.7% |
| 10/01/2005 to 09/30/2006 | 4.7% |
| 10/01/2006 to 09/30/2007 | 4.7% |
| 10/01/2007 to 09/30/2008 | 4.7% |

Cash balance credits ceased on September 30, 2008, the plan freeze date. Interest on accumulated cash balance credits continued to accrue after the freeze date (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *R. Reference Error Regarding Cash Balance Crediting of Interest*).

Starting October 1, 2003, the plan credited interest to participants' accounts on the last day of every plan year, instead of calendar year, using the annual interest rates of 30-Year Treasury Securities "or such other rate, as specified by the Commissioner of the Internal Revenue Service" for the month of July prior to the first day of the plan year during which interest rates were being credited.

According to plan documents, interest was credited on a calendar year basis through December 31, 2002 and in the cash balance transition period before October 1, 2003 using the interest rates of 30-Year Treasury Securities for the month of August prior to the calendar year during which interest rates were being credited. We found that plan administrators used 5.61%, the July, 2001 30-Year Treasury Rate, to credit interest from January 1, 2002 to December 31, 2002 instead of 5.48%, the August, 2001, 30-Year Treasury Rate. There is an e-mail, dated October 11, 2002, from James Petrie of Delphi to Watson Wyatt (Image Viewer Doc. #403732246) that acknowledges that the 5.61% rate was contrary to plan provisions but instructs Watson Wyatt to use the 5.61% rate because Delphi felt compelled to honor the Delphi written statements sent to participants that stated that the interest rate for 2002 would be 5.61%. The effect on cash balances as a result of this decision is not significant. For example, the difference in interest earned for the year 2002 on a $1,000 cash balance as of December 31, 2001, would be an increase of $1.30. We did not change the plan administrator's calculation. The 30-Year Treasury Rates used to credit interest to cash balance accounts up to the benefit freeze date are shown below.

| 30-Year Treasury Securities Rate | Cash Balance Accumulation |
|---|---|
| 07/2001, 5.61% | Interest Applied to Cash Balance on 12/31/2001, plus Pay Credits for the 2002 Calendar Year (without interest), to determine Cash Balance on 12/31/2002 |
| 08/2002, 5.08% | Interest Applied to Cash Balance on 12/31/2002, plus Pay Credits for the 01/01/2003 to 09/30/2003 Partial Calendar Year (without interest), to determine Cash Balance on 09/30/2003 |
| 07/2003, 4.93% | Interest Applied to Cash Balance on 09/30/2003, plus Pay Credits for the 10/01/2003 to 09/30/2004 Plan Year (without interest), to determine Cash Balance on 9/30/2004 |
| 07/2004, 5.22% | Interest Applied to Cash Balance on 09/30/2004, plus Pay Credits for the 10/01/2004 to 09/30/2005 Plan Year (without interest), to determine Cash Balance on 09/30/2005 |
| 07/2005, 4.41% | Interest Applied to Cash Balance on 09/30/2005, plus Pay Credits for the 10/01/2005 to 09/30/2006 Plan Year (without interest), to determine Cash Balance on 09/30/2006 |
| 07/2006, 5.13% | Interest Applied to Cash Balance on 09/30/2006, plus Pay Credits for the 10/01/2006 to 09/30/2007 Plan Year (without interest), to determine Cash Balance on 09/30/2007 |
| 07/2007, 5.11% | Interest Applied to Cash Balance on 09/30/2007, plus Pay Credits for the 10/01/2007 to 09/30/2008 Plan Year (without interest), to determine Cash Balance on 09/30/2008 |

For the short 9-month cash balance period from January 1, 2003 through September 30, 2003, the plan administrator used simple interest to accumulate the December 31, 2002 cash balance to September 30, 2003. Likewise, we used the plan interest rate in effect for the last plan year that included DOPT (4.57%) and simple interest, for the accumulation of the cash balance at the benefit freeze date to DOPT (a partial plan year).

According to the plan document effective October 1, 2004, cash balance accounts are converted to a straight life annuity at the normal retirement date based on mortality described in Revenue Ruling 2001-62 (Revenue Ruling 95-6 before October 1, 2002) and "the annual interest rate on 30-year

Treasury securities as specified by the Commissioner of the Internal Revenue Service for the third full month prior to the first day of the plan year preceding the determination date." The straight life annuity at the normal retirement date is converted to the annuity form at the date of retirement using plan actuarial equivalence (the same basis as stated above for conversion).

Under the plan document effective January 1, 1999, the cash balance was accumulated to the date of retirement and converted to an annuity at the date of retirement. Because the accumulation and conversion interest rates are the same, the immediate method under the plan document effective January 1, 1999 and the project method under the plan document effective October 1, 2004 are equivalent as long as pre-retirement mortality is not applied in the adjustment from the straight life annuity at the normal retirement date to the benefit at the date of retirement. The definition of actuarial value in the plan does not reference pre-retirement mortality. We have two items in plan practice that support not using pre-retirement mortality for the cash balance early and late retirement factors: 1) we match within $5/5% tolerance the benefits in pay for all six Part C retirees using the immediate method (we are within $0.50 of the benefits in pay for five of the six Part C retirees) and 2) *Delphi Salaried Programs Defined Benefit Plan Rules,* page 132 (Image Viewer Doc. #400914215) describes the immediate method for the conversion of the cash balance to a monthly benefit.

In the valuation, we used the project method to calculate cash balance benefits. We did not use pre-retirement mortality in calculating cash balance early and late retirement factors.

Up until DOPT, Delphi used the 30-year Treasury securities rates and mortality described above in calculating Part C monthly benefits.

We used the rates and mortality in the table below for the calculation of Part C benefits after DOPT.

| Part C Accumulation and Conversion Rates for Post-DOPT Benefit Calculations | | | |
|---|---|---|---|
| Part C Rate or Factor Description | PBGC Rule | Rate or Mortality Source | Rate or Mortality |
| Cash Balance Accumulation Interest Rate | Arithmetic average of the interest crediting rates under the plan during an interest crediting period for which the interest crediting date was within 5 years of DOPT | Average of the Annual Interest Rate on 30-Year Treasury Securities for 07/2003, 07/2004, 07/2005, 07/2006, 07/2007 | 4.96% |
| Plan Annuity Conversion Rates | Interest: Arithmetic average of the interest rates that applied under the plan during periods for which the date of each rate change was within 5 years of DOPT | Average of the Annual Interest Rate on 30-Year Treasury Securities for 07/2004, 07/2005, 07/2006, 07/2007, 07/2008 | 4.89% |
| | Mortality: Mortality in effect at DOPT | Revenue Ruling 2001-62 | 1994 Group Annuity Reserving Table Mortality (50% male / 50% female, projected to 2002) |

| Part C Accumulation and Conversion Rates for Post-DOPT Benefit Calculations | | | |
|---|---|---|---|
| Part C Rate or Factor Description | PBGC Rule | Rate or Mortality Source | Rate or Mortality |
| Plan Early/Late Retirement Factors | Interest: Rate in effect at DOPT | Annual Interest Rate on 30-Year Treasury Securities for 07/01/2008 | 4.57% |
| | Mortality: In Effect at DOPT | Revenue Ruling 2001-62 | 1994 Group Annuity Reserving Table Mortality (50% male / 50% female, projected to 2002), no pre-retirement mortality |
| Plan Benefit Form Conversion Factors | Interest: Rate in effect at DOPT | Annual Interest Rate on 30-Year Treasury Securities for 07/01/2008 | 4.57% |
| | Mortality: In Effect at DOPT | Revenue Ruling 2001-62 | 1994 Group Annuity Reserving Table Mortality (50% male / 50% female, projected to 2002) |

*Part A Plan Supplements*

There are three supplements associated with the Part A benefit provisions of the plan: Early Retirement, Interim, and Temporary. There are two general plan limitations applicable to the Early Retirement and Interim supplements.

1. The Part A basic benefit plus the Part B Supplementary benefit plus any Part A Early Retirement or Interim supplement cannot exceed 70% of the participant's final monthly base salary (highest monthly base salary rate during the last 60 months preceding the employee's last day of work) and
2. The Part A Early Retirement or Interim supplement is reduced by the plan Part A Temporary supplement (even if the participant is not receiving a Temporary supplement) if the participant is eligible for Social Security Disability Insurance benefits.

Early Retirement Supplement

The Early Retirement supplement is payable to participants with 30 years of eligibility service if the participant was hired before 1988 and has unbroken service (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *C. Length of Service Date*). The Early Retirement supplement is payable until age 62 and one month (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *B. Age 62 and One Month Date Calculation*). The monthly amount of the Early Retirement supplement is an amount that, when added to the Part A Basic benefit and the Part B Supplementary benefit (prior to any reduction for spouse survivor coverage), raises the total of these benefits and the supplement to the Early Retirement Supplement Level. If the participant is receiving Social Security Disability Insurance Benefits then the Early Retirement supplement is offset by the plan Temporary supplement (see Temporary Supplement below).

Until October 1, 2002, Early Retirement Supplement Levels were determined using rolling rate periods similar to the rolling rate periods for benefit rates described above under *Part A Benefits*. The following two tables show the Early Retirement Supplement Levels for the two rolling rate periods associated with the plan after the GM spinoff:

Table of Rolling Early Retirement Supplement Levels for Participants who Retired On and After October 1, 1996 and Prior to October 1, 1999

| Benefit Determination Date | Early Retirement Supplement Level of Total Payments for Benefit Payments Commencing | | | |
|---|---|---|---|---|
| | 10/01/1996 through 09/01/1997 | 10/01/1997 through 09/01/1998 | 10/01/1998 through 09/01/1999 | 10/01/1999 and after |
| 10/01/1996 and prior to 10/01/1999 | Unknown | unknown | unknown | $2,385 (from prior Early Retirement Supplement Level of $2,295 + $90 increase from Restatement effective January 1, 1999) |

Table of Rolling Early Retirement Supplement Levels for Participants who Retired On and After October 1, 1999 and Prior to October 1, 2003

| Benefit Determination Date | Early Retirement Supplement Level of Total Payments for Benefit Payments Commencing | | | |
|---|---|---|---|---|
| | 10/01/1999 through 09/01/2000 | 10/01/2000 through 09/01/2001 | 10/01/2001 through 09/01/2002 | 10/01/2002 and after |
| 10/01/1999 and prior to 10/01/2003 | $2,380 | $2,480 | $2,600 | $2,730 |

After October 1, 2003, the Salaried Retirement Program did not adopt any rolling rate periods for Early Retirement Supplement Levels. Early Retirement Supplement Levels for participants with a date of termination of employment on or after October 1, 2003 are shown in the following table:

Table of Early Retirement Supplement Levels for participants who Retired on or after October 1, 2003

| Benefit Determination Date | Early Retirement Supplement Level of Total Payments for Benefit Payments Commencing |
|---|---|
| 10/01/2003 and prior to 10/01/2004 | $2,805 |
| 10/01/2004 and after | $2,875 |

Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *A. Benefit Changes Effective October 1, 2003,* for more information regarding the adoption of the Early Retirement supplement level effective October 1, 2003.

Interim Supplement

The Interim supplement is payable only to participants who were hired before 1988 and did not break service after 1987 (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *C. Length of Service Date*). The participant must meet the following requirements:

a. Attained age 55 while employed and age plus eligibility service total 85 or more, or
b. Attained age 60 while employed with at least 10 years of eligibility service.

The Interim supplement is payable until age 62 and one month (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *B. Age 62 and One Month Date Calculation*). The monthly amount of the Interim supplement is equal to Part A credited service multiplied by the benefit rate in the tables below, reduced by any Part B Supplementary benefit (prior to any reduction for spouse survivor coverage). If the participant is receiving Social Security Disability Insurance Benefits then the Interim supplement is offset by the plan Temporary supplement (see Temporary Supplement below).

Until October 1, 2002, Interim Supplement Benefit Rates were determined using rolling rate periods similar to the rolling rate periods for benefit rates described above under *Part A Benefits.* The following table shows the Interim Supplement Benefit Rates for the rolling rate period associated with the plan after the GM spinoff:

Table of Rolling Interim Supplement Benefit Rates for Participants who Retired On and After October 1, 1999 and Prior to October 1, 2003

| Age at Retirement* | Interim Supplement Benefit Rates for Benefit Payments Commencing | | | |
|---|---|---|---|---|
| | 10/01/1999 through 09/01/2000 | 10/01/2000 through 09/01/2001 | 10/01/2001 through 09/01/2002 | 10/01/2002 and after |
| 55 | $17.10 | $17.80 | $18.65 | $19.55 |
| 56 | $20.15 | $21.00 | $22.00 | $23.10 |
| 57 | $24.40 | $25.40 | $26.60 | $27.90 |
| 58 | $28.55 | $29.75 | $31.15 | $32.70 |
| 59 | $31.90 | $33.20 | $34.75 | $36.50 |
| 60 | $36.90 | $38.45 | $40.25 | $42.25 |
| *Prorated for intermediate ages computed on the basis of the number of complete calendar months by which the employee is under the age attained at the employee's next birthday | | | | |

After October 1, 2003, the Salaried Retirement Program did not adopt any rolling rate periods for Interim Supplement Benefit Rates. Interim Supplement Benefit Rates for participants with a date of termination of employment on or after October 1, 2003 are shown in the following table:

Table of Interim Supplement Benefit Rates for Participants who Retired on or after October 1, 2003

| | Age at Retirement* | | | | | |
|---|---|---|---|---|---|---|
| Benefits Payable Commencing | 55 | 56 | 57 | 58 | 59 | 60 |
| 10/01/2003 through 09/01/2004 | $20.10 | $23.75 | $28.70 | $33.65 | $37.55 | $43.45 |
| 10/01/2004 and after | $20.70 | $24.45 | $29.50 | $34.60 | $38.60 | $44.70 |
| *Prorated for intermediate ages computed on the basis of the number of complete calendar months by which the employee is under the age attained at the employee's next birthday | | | | | | |

Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *A. Benefit Changes Effective October 1, 2003*, for more information regarding the adoption of the Interim supplement benefit rates effective October 1, 2003.

Temporary Supplement

The Temporary supplement is payable only to participants with 10 or more years of credited service who retire under the plan's total and permanent disability retirement provisions. The Temporary supplement is not payable to participants receiving Social Security Disability Insurance Benefits. The Temporary supplement is payable until age 62 and one month (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *B. Age 62 and One Month Date Calculation*). The monthly amount of the Temporary supplement is equal to Part A credited service (not greater than 30 years) multiplied by the benefit rate in the following table:

| Retirement with Benefits Payable Commencing | Benefit Rate | Maximum Temporary Supplement |
|---|---|---|
| 10/01/1998 and prior to 10/01/1999 | $38.65 | $1,159.50 |
| 10/01/1999 and prior to 10/01/2000 | $38.85 | $1,165.50 |
| 10/01/2000 and prior to 10/01/2001 | $40.45 | $1,213.50 |
| 10/01/2001 and prior to 10/01/2002 | $42.35 | $1,270.50 |
| 10/01/2002 and prior to 10/01/2003 | $44.45 | $1,333.50 |
| 10/01/2003 and prior to 10/01/2004 | $45.75 | $1,372.50 |
| 10/01/2004 or later | $47.05 | $1,411.50 |

Please see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *A. Benefit Changes Effective October 1, 2003,* for more information regarding the adoption of the Temporary supplement benefit rate effective October 1, 2003.

*Disability Benefits (Part A and Part B)*

Under the plan, a participant qualified for Total and Permanent Disability (T&PD) benefits if the participant was younger than age 65, earned 10 or more years of eligibility service, and was determined to be totally and permanently disabled by Delphi. The plan does not require that the participant be determined to be disabled by the Social Security Administration. The disability benefit payable was the participant's accrued benefit (adjusted for form of annuity but not for age). The plan paid an auxiliary disability benefit until the participant attained age 55. Upon reaching age 55, the temporary disability benefit ends and the participant elects his retirement benefit. There are 60 disabled participants who will each need to elect a benefit upon reaching age 55 (see Appendix E and Appendix F for lists of 49 pre-DOPT and 11 post-DOPT disabled retirees, respectively). Please see Section 10, *Forms of Annuity*, subsection, *Part A and Part B Disability Auxiliary Benefit Form of Annuity* and Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *Q. Auxiliary Disability Benefit*, for further discussion regarding disability benefits.

John DeMarco, the former Delphi Director of Pension and Welfare Benefits, informed PBGC that T&PD participants with employee contributions were given the opportunity to withdraw employee contributions at their initial benefit commencement date. Thereafter, T&PD participants are not allowed to withdraw employee contributions (see Image Viewer Doc. #403778567).

*Disability Benefits (Part C)*

The plan has no disability provision for Part C participants.

*Benefit Provisions Pertaining to Divestitures*

Various GM/Delphi divestitures (spin-offs of company business units) affect employees' benefits.

The most important of these were divestitures from GM that occurred before 1999. The most common service rules for a divestiture are that credited service stops at the divestiture sale date but that eligibility service continues until the participant stops working for the divested unit. For most of the divestitures the participant never was employed at Delphi because the divested participant's employment was entirely with GM prior to the divestiture and in the divested unit after the divestiture date.

Listed below are conditions that are applicable across most, but not all, divestitures. *Delphi Divestitures Defined Benefit Plan Rules* (Image Viewer Doc. #400913994) contains the provisions applicable to each divestiture.

1. Employees who are not vested at the time of sale become the total responsibility of the divested company.
2. Before employees who are part of a divestiture are allowed to commence benefits, they must first terminate from the successor company. This requirement is documented in the "Coordination of Benefits" agreement between the divested unit and GM/Delphi.
3. If the employee has made Part B employee contributions under the Salaried Retirement Program and is non-vested at the date of sale, then those Part B contributions made by the employee remain at Delphi and are still available for an in-service withdrawal.
4. For certain divestitures, retirement protection is provided in the form of a 3% annual increase (not compounded) in the 5-year average monthly base salary. In order for salaried participants to receive the 3% increase in their 5-year monthly average as of the sale date, the participants must not withdraw their Part B contributions. The 3% salary increase is discontinued after the plan freeze date, September 30, 2008.
5. A salaried employee who is transferred as part of a divestiture does not accrue Part B credited service while working for the divested company.
6. Employees who separate from the divested company as a terminated vested participant receive benefit rates in effect at the break-in-service from the divested company.
7. To be eligible for the Early Retirement and Interim supplements, the employee must commence these benefits within 5 years of a break-in-service from the divested unit. These supplements are prorated based on Delphi service and total service.
8. Delphi, not GM, has responsibility for the pension payments to salaried employees who remained at the sold unit if GM retained the pension assets and subsequently transferred said assets to Delphi effective January 1, 1999, at the time of the spin-off.

9. In all cases, except where explicitly mentioned, the term "Delphi credited service" refers to all credited service that was accrued while the Participant was an employee of GM prior to January 1, 1999 and prior to the transition to the divested unit. Effective January 1, 1999, credited service and pension assets for salaried employees were transferred from GM to Delphi. At that moment, all prior GM credited service became Delphi credited service.

Listed below are the main divestitures recognized by Delphi that affect salaried employees and the divestiture sale date.

| Name of Divested Unit | Date of Sale | Coordination of Benefits Agreement with Delphi | Retirement Protection |
|---|---|---|---|
| American Axle & Manufacturing Inc. | 03/01/1994 | Yes | Yes – 3% average monthly base salary increase per year until age 60 |
| Chassis Components Inc. | 09/01/1998 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| Dayton-Phoenix Group | 10/31/1992 | No | No |
| Delco Remy America Inc. | 08/01/1994 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| Diesel Technology Corporation | 01/01/1988 | No | No |
| Electronic Data Systems | 01/01/1985 | No | No |
| Guide Corporation | 11/01/1998 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| Inteva Products Solution | 02/29/2008 | Yes | No |
| ITT Automotive Electrical Systems Inc. / Valeo | 04/01/1994 | Yes | Yes – 3% average monthly base salary increase per year until age 65 |
| Lear Seating | 09/01/1998 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| Magnequench International | 10/01/1995 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| New Venture Gear | 04/01/1990 | No | No |
| Peregrine U.S. | 01/01/1997 | Yes | Yes – 3% average monthly base salary increase per year until termination from divested unit |
| Pinkerton | 08/01/1993 | No | No |
| Tau Laboratories | 12/31/1984 | No | No |
| Thomson Industries | 04/30/1987 | No | No |

*Benefits of Employees of Hughes Electronics Corporation*

There are 118 participants who are former employees of Hughes Electronics Corporation (Hughes). See Appendix G for a list of these participants. Although Delphi coded former employees of Hughes in the plan data as divested participants, Hughes was not a divested company by GM or Delphi. GM bought Hughes in 1985. Hughes employees were covered under an existing Hughes retirement plan. GM and Hughes established transfer procedures that covered benefits of employees who transferred from Hughes to GM after 1985 (Image Viewer Docs. #401772724 and #401772726). An example of the letter participants received from Delphi regarding their Hughes and Delphi benefits is Image Viewer Doc. #220060229 for [redacted] These transfer procedures remained in place for former Hughes employees who became Delphi employees as a result of the GM/Delphi spinoff on January 1, 1999 (see the April 22, 2008 e-mail of Brian Studer, Delphi Manager of Employee Benefits, Image Viewer Doc. #403938459). These procedures are as follows:

1. Combined Hughes and GM/Delphi service is used to determine retirement eligibility under the Delphi and Hughes plans.
2. Under the Delphi plan, eligibility for Early Retirement or Interim Supplements is based solely on GM/Delphi service.
3. Delphi credited service for the calculation of Delphi benefits is calculated from date of transfer to GM to date of termination from Delphi and, for Hughes benefits, from the date of hire at Hughes to the date of transfer to GM.
4. The last 5 years of compensation at the final employing company is used to calculate retirement benefits under both plans.

## 6. <u>Normal, Early, and Late Retirement Dates</u>

*Normal Retirement (Part A, Part B, and Part C)*

The Normal Retirement Date defined in the plan documents (General Provisions, Section 1 (f)) is the later of age 65 and 5th anniversary of participation. However, numerous sections in the plan describe normal retirement benefits beginning "at age 65." For example, see the following sections of the plan: Eligibility for Retirement Section 2; Part A, Section 1(a); and Part B, Section 2(a). Page 27 of *Delphi Salaried Programs Defined Benefit Plan Rules* (Image Viewer Doc. #400914215) states the following: "The fifth anniversary of participation requirement is ignored administratively by Delphi because of conflicts with other sections of the Delphi Plan Document. Therefore, the administrative practice will be that Normal Retirement Age is age 65."

We accepted the plan practice described above and made the Normal Retirement Date the first day of the month coincident with or next following the participant's 65th birthday.

*Early Unreduced Retirement (Part A and Part B)*

The plan offered early unreduced retirement under any of the following conditions for Part A and B benefits:

a. 85-Point Retirement Type: The early unreduced date is on the first day of the month coincident with or next following the participant's age 62 birthday if the participant attained age 55 while employed, was hired before 1988 with unbroken service (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *C. Length of Service Date*), and the sum of the participant's age and years of eligibility service equal at least 85. Subsidized early retirement factors are applied to Part A and Part B benefits for retirement on or after age 55 and before age 62. The reduction to the Part A benefit for early retirement that occurs before age 62 is removed starting with the payment at age 62 and one month (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *B. Age 62 and One Month*

*Date Calculation*). The reduction to Part B benefits for early retirement that occurs before age 62 is never removed.

b. 30-Year Retirement Type: The early unreduced date is on the first day of the month coincident with or next following the participant's age 62 birthday if the participant accrued 30 years of eligibility service and was hired before 1988 with unbroken service (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *C. Length of Service Date*). Subsidized early retirement factors are applied to Part A and Part B benefits for retirement before age 62. The reduction to the Part A benefit for early retirement that occurs before age 62 is removed starting with the payment at age 62 and one month (see Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *B. Age 62 and One Month Date Calculation*). The reduction to Part B benefits for early retirement that occurs before age 62 is never removed.
c. 60/10 Retirement Type: The early unreduced date is on the first day of the month coincident with or next following the participant's age 62 birthday if the participant attained age 60 while employed with 10 years of eligibility service. Subsidized early retirement factors are applied for retirement on or after 60 and before age 62. The reduction to Part A and Part B benefits for early retirement that occurs before age 62 is never removed.
d. Career Transition Program: The early unreduced date is on the first day of the month coincident with or next following the participant's age 60 birthday if the participant accrued 20 years of eligibility service. Deferred vested early retirement factors are applied from age 65 for retirement before age 60 (retirement before age 55 under this retirement type is only applicable to retired participants as of DOPT, who retired under a Career Transition Program).

*Early Retirement (Part A and Part B)*

In addition to the early unreduced retirement described above, the plan offered early retirement for Part A and Part B benefits to participants who attained age 55 while employed with 10 years of eligibility service (55/10 Retirement Type). Deferred vested participants with at least 5 years of eligibility service could retire at any age. The plan provided different early retirement factors for 55/10 versus deferred vested retirement. Because the plan also provided a consensual lump sum option upon separation of service for vested participants at any age, the Earliest PBGC Retirement Date (EPRD) for this plan is the date at which the participant is age 55. As a result, a participant who is vested in a benefit may be placed in pay status as early as the first of the month coincident with or next following the participant's 55th birthday. For participants eligible for the 30-Year Retirement Type, the EPRD is immediate (see Image Viewer Doc. #403732254 for ASD's approval of this EPRD).

*Early Retirement (Part C)*

Participants were allowed to begin Part C benefits at any age after termination of employment. Because the plan provided a consensual lump sum option upon separation of service for vested participants at any age, the EPRD for Part C benefits in this plan is age 55. Therefore, a participant otherwise entitled to a benefit may be placed in pay status as early as the first of the month coincident with or next following the participant's 55th birthday.

*Late Retirement (Part A and Part B)*

The monthly benefit for a participant who terminated employment prior to Normal Retirement Date and retired after Normal Retirement Date is equal to the accrued benefit at DOTE, increased from Normal Retirement Date to the actual retirement date using the plan's actuarial equivalence (1994 Group Annuity Reserving Table Mortality, 50% Male / 50% Female, Projected to 2002, and 4.57% interest).

Benefits were suspended for employees who worked beyond normal retirement. The monthly benefit for a participant who terminated employment and retired after Normal Retirement Date is equal to the accrued benefit at DOTE, increased from DOTE to the actual retirement date using the plan's actuarial equivalence (1994 Group Annuity Reserving Table Mortality, 50% Male / 50% Female, Projected to 2002, and 4.57% interest).

*Late Retirement (Part C)*

Benefits were suspended for employees who worked beyond normal retirement. Because Part C benefits are cash balance benefits, the monthly benefit for a participant who terminated employment and retired after Normal Retirement Date is equal to the larger of (a) the benefit attributed to the participant's account balance at the late retirement date with all applicable credits and (b) the benefit attributed to the cash balance at the later of the normal retirement date and the date of termination of employment, actuarially increased to the late retirement date. The actuarial equivalence for the late retirement increase is based on 1994 Group Annuity Reserving Table Mortality, 50% Male / 50% Female, Projected to 2002 (no pre-retirement mortality), and 4.57% interest.

## 7. <u>Vesting</u>

The plan provides a 5-year cliff vesting schedule for Part A and Part B benefits. The plan provides a 3-year cliff vesting schedule for Part C benefits. Prior to October 1, 2008, a 5-year cliff schedule was in effect for participants in Part C.

The 3-year cliff vesting schedule also applies to Part A and Part B benefits of participants who earned benefits under Part A and/or Part B and Part C.

Service for the cliff requirement could be satisfied using plan defined Credited Service or the plan defined "ERISA" Service. Credited Service was computed based on completed months of service. A year of ERISA Service was earned in each 12-month period, beginning with the employee's date of hire or rehire, and, thereafter, each succeeding anniversary of the date of hire or rehire in which the employee completes 750 hours of service.

Participants are 100% vested upon reaching normal retirement age while employed.

Participants are 100% vested in the benefit attributable to employee contributions that have not been withdrawn.

*Benefit Freeze Immediate Vesting Provision*

Active employees on September 30, 2008 were made 100% vested. Effective September 30, 2008, employees who separated from service with less than 5 years of service as part of any divestiture that occurred between August 1, 2006 and September 30, 2008 were made 100% vested. See Section 15, *Phase-In Limitation*, regarding the adoption of this provision while the plan was in bankruptcy and the phase-in of this provision. The only divestiture that meets the above criteria and affects salaried employees is the Inteva Products Solution divestiture that took place on February 29, 2008. The immediate vesting provisions effective September 30, 2008 applied to all Part A, Part B, and Part C benefits.

## 8. QPSA and other Pre-Retirement Death Benefits

The plan provided a qualified pre-retirement survivor annuity (QPSA). The plan did not charge for QPSA coverage. The plan QPSA provisions are described below.

*Part A*

Part A Plan QPSA for Employees Age 55 with 10 Years of Eligibility Service or Any Age with 30 Years of Eligibility Service and Date of Hire Prior to January 1, 1988

The QPSA is the survivor portion of the plan normal married form of annuity, Joint & 65% Survivor annuity with a pop-up, payable on the first of the month following the participant's date of death. The surviving spouse is eligible for "rolling rate" increases.

Part A Plan Pre-Retirement Death Benefit for All Other Vested Participants

The death benefit payable to the surviving spouse is 50% of the participant's unreduced Part A accrued benefit payable at the participant's age 65. The surviving spouse can begin payments, reduced for age, on the first of the month following the participant's date of death (prior to October 1, 2004, the benefit is payable when the "employee would have become eligible to retire.").

A QPSA must provide a survivor annuity at least as great as the survivor amount payable under the plan qualified Joint and Survivor annuity had the participant retired on the participant's earliest retirement age (ERISA Act Sec 205. (e)). The plan allowed participants to retire before age 55 and provided participants with 50% spouse coverage before age 55 (see Section 10. *Form of Annuity*, subsection *Part A and Part B Post-Retirement 50% Spouse Coverage for Retirement Payments before Age 55*). Thus, in some cases (death and payment of pre-retirement surviving spouse benefit before age 55) this benefit meets the QPSA requirements of ERISA. However, in other cases this pre-retirement death benefit does not meet the QPSA requirements of ERISA. For example, the normal married form of annuity of a participant who attained age 55 with less than 10 years of eligibility service is a Joint & 65% Survivor annuity with a pop-up. If the participant were to die, the 50% pre-retirement survivor benefit would not meet the QPSA requirements of ERISA because the 65% survivor benefit from the normal married form of annuity at the date of death would be greater. PBGC asked the IRS for their opinion regarding the Delphi 50% pre-retirement death benefit. In a November 30, 2009 e-mail (Image Viewer Doc. #403732247) the IRS replied "...we've looked at the issue you raise and agree with the analysis that, since the QJSA is a joint and 65% survivor annuity, the QPSA under the plan should be based on the 65% survivor annuity portion of the QJSA." For deferred vested participants, we provided a QPSA for all Part A participants equal to the survivor portion of the plan normal married form of annuity payable on the later of the participant's earliest retirement date and the first of the month following the participant's date of death. We changed the benefits of the nine beneficiaries in pay at DOPT in the table below who we determined were given a Part A pre-retirement death survivor annuity less than the survivor amount payable under the plan qualified Joint and survivor annuity had the participant retired at the participant's earliest retirement age of 55.

| No. | Beneficiary Name | Beneficiary SSN |
|---|---|---|
| 1 | [redacted] | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |

*Part B*

<u>Part B Plan QPSA for Active Employees Participating in Part B at the Date of Death</u>

The QPSA is 65% of the participant's unreduced Part B accrued benefits payable on the first of the month following the participant's date of death. The 65% is increased by ¼% for each 12 months in excess of 5 years that the spouse's age exceeds the employee's age or decreased by ¼% for each 12 months in excess of 5 years that the spouse's age is younger than the employee's age.

<u>Part B Plan QPSA for Active Vested Participant not Participating in Part B and Age 55 with 10 Years of Eligibility Service or Any Age with 30 Years of Eligibility Service and Date of Hire Prior to January 1, 1988</u>

The QPSA is the survivor portion of the plan normal married form of annuity, Joint & 65% survivor annuity, payable on the later of the participant's earliest retirement date and the first of the month following the participant's date of death.

<u>Part B Plan Pre-Retirement Death Benefit for All Other Vested Participants</u>

The death benefit payable to the surviving spouse is 50% of the participant's unreduced Part B accrued benefits payable at the participant's age 65. The surviving spouse can begin payments reduced for age on the first of the month following the participant's date of death.

For the same reasons as provided in this Section 8 under subsection *Part A Plan Pre-Retirement Death Benefit for All Other Vested Participants,* for deferred vested participants, we provided a QPSA for all Part B participants equal to the survivor portion of the plan normal married form of annuity, Joint & 65% survivor annuity, payable on the later of the participant's earliest retirement date and the first of the month following the participant's date of death. There were no beneficiaries receiving the Part B 50% pre-retirement death benefit. Therefore, no beneficiaries' Part B benefits were changed as a result of this decision.

*Part C*

<u>Part C Plan QPSA for Vested Participant</u>

The surviving spouse has the option to 1) receive a monthly benefit commencing on the first of the month following the participant's date of death equal to the actuarial value of the participant's account balance or 2) receive a lump sum equal to the participant's vested account balance. We valued the Part C lump sum death benefit in excess of the Part C QPSA monthly annuity benefit in PC6.

<u>Part C Death Benefit for Unmarried Vested Participant or Vested Participants Married Less than One Year at the Date of Death</u>

The pre-retirement death benefit is a lump sum equal to the participant's vested account balance payable to the participant's designated beneficiary or estate. We valued this Part C death benefit in PC6 for all deferred participants whose marital status was single at DOPT. We valued the plan QPSA benefit for all deferred participants whose marital status was unknown or married.

## 9. <u>Offsets to Plan Benefits</u>

The auditor did not identify any offsets for loans.

The auditor determined there were 2,375 participants who received lump sum distributions before DOPT. They are no longer considered participants in the plan and are not entitled to any benefit from PBGC. These participants are listed in the auditor's Participant Review Summary on PBGC's Archive Access System (PBGC file name 206370A8. zip).

*Pre-1999 Purchased Annuities by GM*

Prior to 1999, GM entered into group annuity contracts with three insurers: Prudential, Aetna, and MetLife (see Section 4, *Plan Documents*, subsection *Insurance Company Purchased Annuity Contracts*, for more information). The contracts covered purchased annuities for Part B Primary benefits for employee contributions made before 1985 for 6,552 participants and beneficiaries. Before DOPT, the Delphi pension plan continued to administer and make full pension payments to retirees and beneficiaries. The insurance companies reimbursed the Delphi pension plan monthly for the purchased annuity portion of the benefits paid by the pension plan. This practice continued after DOPT until June, 2013 when an agreement was reached between PBGC and the insurance companies for the insurance companies to make purchased annuity payments directly to participants (see Image Viewer Docs. #403779435 and #403779436). OGC and AED determined that the purchased annuities are not assets of the pension plan and the liabilities covered by the purchased annuities are not plan liabilities at DOPT (see the OGC Memorandum dated January 26, 2015, Image Viewer Doc. #404497000). The plan benefits of any participant or beneficiary with a purchased annuity are offset by the purchased annuity benefit. Purchased annuities are offset from the guaranteed plan benefit. See the archive folder *Purchased Annuities Valpatch* for the files related to purchased annuities. See the benefit determination statement for [redacted] as an example of a participant with a purchased annuity.

*Hughes Benefit Offset for Former Hughes Employees with Hughes Benefit Paid by Raytheon*

An unknown number of former Hughes employees who became Delphi employees had their Hughes retirement plan assets transferred to Raytheon as part of the asset sale of Hughes' defense business to Raytheon in 1997. Because these employees were no longer considered GM employees by Raytheon, when GM spun-off Delphi, Raytheon did not agree to continue the procedures described in Section 5. *Plan Benefit Formula Summary*, subsection *Benefit of Employees of Hughes Electronics Corporation*, for former Hughes employees as of May 28, 1999 (the date Delphi became independent from GM). As a result, Hughes plan benefits payable by Raytheon would not increase because of participant eligibility service and salary increases earned at Delphi after May 28, 1999.

Delphi agreed to an alternative benefit calculation for some participants for whom Hughes or a successor company "does not provide a retirement benefit based on time worked at Hughes in accordance with the provisions of the GM-Hughes Transfer procedure." The alternative benefit calculation provided some replacement value for the Hughes benefits possibly lost due to Raytheon's decision not to follow the GM /Hughes transfer procedures (Image Viewer Docs. #401772724 and #401772726). The alternative benefit is calculated using combined Hughes and GM/Delphi service as credited service for calculating the Delphi benefit. This benefit is then offset by the Hughes benefit payable by Raytheon (not to include any Hughes benefits attributable to Hughes employee contributions). A Delphi participant eligible for the alternative calculation receives the larger of the benefit determined under the alternative calculation and the benefit determined under the former method. The plan document restricts the alternative calculation to "an employee eligible to retire." We interpreted this to mean that only active employees who reach immediate retirement at the employee's date of termination of employment are eligible for the alternative benefit calculation. This interpretation was confirmed by Brian Studer, the Delphi Manager of Employee Benefits (see the December 21, 2010 e-mail from Brian Studer, Image Viewer Doc. #403938458).

We do not have a list of eligible participants with Hughes benefits payable from Raytheon. Therefore, we could not calculate the alternative benefit in the valuation. On the benefit determination statements of former Hughes employees, we inform eligible participants that the alternative benefit calculation is available if the participant can provide PBGC with benefit statements from Raytheon showing the participant's employer-provided Hughes benefit at the chosen retirement date. See the benefit determination statement for [redacted] for an example of a participant possibly eligible for the alternative calculation. The 20 deferred participants eligible for the alternative calculation, if their Hughes benefit is payable from Raytheon, are listed in Appendix J.

[redacted] and [redacted] are the only two retirees in pay on DOPT known to have a benefit calculated using the alternative method.

*Foreign Benefit Offset*

The plan contained a benefit offset to Part A and Part B Supplementary benefits for any benefit payable to the participant by a foreign subsidiary. According to the plan, pension benefits are "reduced by an amount equivalent to the total of any monthly benefits (or lump sum payment) that could be payable to such employee under any other retirement plan to which the foreign subsidiary has contributed, excluding, however, any retirement benefits or portion purchased by employee contributions." John DeMarco, the former Delphi Director of Pension and Welfare Benefits, stated that foreign exchange rates published by Wall Street Journal were used for the conversion of foreign benefits into United States dollars (see Image Viewer Doc. #403779434). For deferred vested participants with foreign benefit offsets, we used the foreign currency rates from the Wall Street Journal as of July 31, 2009 (DOPT). For retirees with foreign benefit offsets, we used the currency rates from the Wall Street Journal as of the date of retirement.

There are 47 participants with foreign accrued benefits that are not from GM Canada (see Appendix K). We used the foreign pension data Delphi provided to PBGC to calculate the foreign pension offset. We did not have any foreign pension plan provisions in regard to these benefits. If we had no information regarding the retirement age associated with the foreign accrued benefit, we assumed it was age 65. See the benefit determination statement for [redacted] as an example of a participant with a foreign service offset.

*Canadian Foreign Benefit Offset*

There are 22 participants who also were participants in the GM Canada Salaried plan (see Appendix L). The plan document does not contain specific provisions regarding participants who earned a benefit from GM Canada. We found letters from GM to participants stating that when these participants retired, GM Canada would forward to GM the participant's Canadian benefit amount for the purposes of offsetting the participant's United States benefit. There is also a January 29, 1998 GM memorandum describing the above offset procedure that states that transfers before January 1, 1992 would receive a benefit as though the participant's entire career had been in the United States. Both the letter and the memorandum are found in Image Viewer Doc. #401844711.

Of the 22 participants in the GM Canada Salaried plan, GM Canada provided PBGC with data for 18 participants. According to this data, five of these participants were not eligible for a benefit from GM Canada and 13 were due a benefit from the GM Canada Salaried plan. The data GM Canada provided for these participants is in each participant's Image Viewer file and contained in the Leo database. We obtained the Canada salaried benefits for the remaining four participants from the GM Canada benefit statements we found on Image Viewer.

The GM Canada pension includes the following benefits:

a. 1% Basic Benefit,
b. 1% Excess Benefit,
c. 0.75% Benefit,
d. Supplementary Benefit, and
e. Special Allowance Benefit

GM US confirmed that because the 0.75% benefit is based on employee contributions, it should not be included when offsetting Delphi benefits by GM Canada benefits. The Supplementary Benefit and Special Allowance Benefit are GM Canada supplements payable to age 65. The plan document does not describe how to offset temporary GM Canada supplements from Delphi benefits. In the valuation we offset Delphi supplements by any supplement payable from GM Canada. GM US confirmed that this was the correct application of the foreign offset for the supplements. See Image Viewer Doc. #404544337 for the e-mail documenting the discussions with GM US.

GM Canada participants could retire with an unreduced benefit as early as age 60. According to information from GM Canada the age 60 unreduced benefit was provided to GM Canada participants with 30-Year or 85-Point Retirement Types as of the participant's date of termination from Delphi. GM Canada provided PBGC with early retirement reduction factors associated with GM Canada benefits (see Image Viewer Doc. #404258413). We used this information to calculate the offset to Delphi benefits from the 1% Basic Benefit and 1% Excess Benefit at the participant's retirement date from Delphi.

There were three Delphi retirees with GM Canadian service whose Delphi benefits had not been offset by their GM Canada benefit: [redacted], and [redacted]. These retirees transferred to the United States after January 1, 1992. We match these participants' benefits exactly if we do not offset their benefits by their GM Canada benefits. [redacted] received a lump sum of $351,991.77 (Canadian Dollars) and [redacted] received a lump sum of $433,168.35 (Canadian Dollars) from GM Canada. Although we do not have the Delphi plan administrator's benefit calculation for these retirees, we changed the benefits of these three retirees because it is clear their benefits had not been offset by their GM Canada benefits (see Section 19. *Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability*).

[redacted] was the only other Delphi retiree with GM Canada service. He retired on February 1, 2000, over 9 years before DOPT. We offset his benefit for the GM Canada benefit we found on his GM Canada benefit statement (Image Viewer Doc. #403185167). We were unable to match his benefit in pay. Our calculated benefits were larger than his benefits in pay. Unlike the three retirees described in the prior paragraph we do not match his benefit when we do not offset his benefit by his GM Canada benefits. Delphi plan administrators were unable to completely explain how his benefit was calculated but there is evidence they were aware of his GM Canada benefit and attempted to apply the foreign offset (Image Viewer Docs. #221118573, #221118574, and #222610245). We accepted his benefit in pay because we could not demonstrate that his benefit had not been offset for his GM Canada benefit.

*Monthly Workers' Compensation Offset*

Workers' compensation benefits are offset from Delphi Part A, Part B Supplementary, and Part C benefits but not Part B Primary benefits. The four participants listed below were being paid workers' compensation benefits by the State of Michigan.

| No. | Participant Name | Participant SSN | Monthly Workers' Compensation Offset |
|---|---|---|---|
| 1 | [redacted] | [redacted] | $1,536.08 |
| 2 | [redacted] | [redacted] | $1,436.59 |
| 3 | [redacted] | [redacted] | $2,783.73 |
| 4 | [redacted] | [redacted] | $2,647.67 |

State of Michigan Delphi workers' compensation benefits were discontinued sometime after DOPT. The March 19, 2010 memorandum from OCC (Image Viewer Doc. #403732248) recommends that PBGC not offset State of Michigan workers' compensation benefits unless the worker's compensation benefit is actually being paid to the participant. Delphi workers' compensation benefits have since been reinstated by the State of Michigan, and we assume participants have been paid for any missed payments. In the valuation, these participants' Delphi benefits were offset by their reported workers' compensation benefits.

## 10. Forms of Annuity

*Valuation Forms of Annuity*

*Part A Benefits*

The automatic form of annuity for Part A benefits for an unmarried participant is a Straight Life Annuity (SLA); the automatic form of annuity for a married participant is a Joint & 65% Survivor annuity (J&65%S) with a pop-up if the spouse predeceases the participant. If a participant is married less than one year at the benefit commencement date, the surviving spouse coverage begins on the one-year anniversary of marriage date. When data were unavailable, we assumed that participants were married with females (1) 4 years younger than their male spouses for valuation purposes and (2) the same age for lump sum benefit payment purposes. Please see Section 13, *Accrued-at-Normal Limitation*, regarding the effect of the accrued-at-normal limitation on the Part A normal married form of annuity benefit pop-up upon the death of a spouse. Please see Section 11, *Benefit /Plan Document Interpretations of Note*, subsection *L. Change of Form of Annuity Elections by Participants after Retirement,* regarding the plan provisions allowing participants to change annuity form elections after the benefit commencement date.

*Part B Benefits*

The automatic form of annuity for Part B benefits for an unmarried participant is a SLA; the automatic form of annuity for a married participant is a Joint & 65% Survivor Annuity (J&65%S). If a participant is married less than one year at the benefit commencement date, the surviving spouse coverage begins on the one-year anniversary of marriage date. When data were unavailable, we assumed that participants were married with females (1) 4 years younger than their male spouses for valuation purposes and (2) the same age for lump sum benefit payment purposes. Please see Section 11, *Benefit /Plan Document Interpretations of Note*, subsection *K. Joint and Survivor Form of Annuity without Pop-Up for Part B Benefits*, regarding not providing a pop-up benefit to the Part B J&65%S form of annuity. Please see Section 11, *Benefit /Plan Document Interpretations of Note*, subsection *L. Change of Form of Annuity Elections by Participants after Retirement*, regarding the plan provisions allowing participants to change annuity form elections after the benefit commencement date.

The Part B Primary forms of annuity for participants who do not withdraw their employee contributions contain a modified cash refund.

The cash refund is the greater of (1) and (2), where

1. The total of (a) 125% of employee contributions without interest made prior to July 1, 1971 (or, if greater, 30 times the monthly Part B Primary benefit accrued prior to July 1, 1971), plus (b) 125% of employee contributions without interest made on or after July 1, 1971 (or, if greater, employee contributions made on or after July 1, 1971 with interest to the date of retirement),

and

2. the employee contributions with interest to the date of retirement,

less the sum of all benefit payments made to the participant and beneficiary before the payments ceased as a result of death.

For most participants with a Part B modified cash refund the modified cash refund is based on the employee contributions with interest to the date of retirement. There were 53 retirees and two beneficiaries with a modified cash refund at DOPT for whom their modified cash refund is based on the 125% of employee contributions without interest amount. There were two deferred participants for whom their modified cash refund is based on the 125% of employee contributions without interest amount at their expected retirement date. For these deferred participants at later dates of retirement after the expected retirement date the modified cash refund may be based on the employee contributions with interest to the date of retirement, if it is greater than the 125% of employee contributions without interest amount. Please see Appendix AR for a list of these 57 participants.

*Part A and Part B Post-Retirement 50% Spouse Coverage for Retirement Payments before Age 55*

If a participant under age 55 retired with less than 30 years of eligibility service, the plan provided post-retirement surviving spouse coverage up to age 55. Under this coverage, if the participant died before age 55, the surviving spouse received 50% of the participant's benefit in pay for life. There was no cost for this coverage. In plan practice (see page 223 of *Delphi Salaried Programs Defined Benefit Plan Rules*, Image Viewer Doc. #400914215), at age 55, the participant's benefit was converted to the plan normal form of annuity. This coverage should not be confused with the plan Part A disability benefit coverage before age 55 (see the subsection *Part A and Part B Disability Auxiliary Benefit Form of Annuity* below). This form is not available to participants who retire after DOPT because of PBGC's EPRD rules (see Section 6, *Normal, Early and Late Retirement*). There were seven non-disabled retirees under age 55 at DOPT and two retirees on August 1, 2009, before DOTR, with this form of annuity (see the subsection *Future Benefit Changes* below).

*Part A and Part B Disability Auxiliary Benefit Form of Annuity*

Under the plan, if a married participant qualified for Part A T&PD benefits and was younger than age 55, then the plan automatically assigned Joint and Survivor Coverage for Disability up to age 55 unless the participant and spouse waived the coverage. Under the coverage, upon the death of the participant prior to the attainment of age 55, the surviving spouse would receive a benefit for life equal to 50% of the Part A amount in pay beginning at the participant's age 55. Benefits were reduced for this coverage. Part B T&PD benefits before age 55 were covered by the plan pre-retirement survivor coverage.

At age 55, Part A T&PD benefits were automatically changed to the normal married 65% surviving spouse coverage annuity benefits unless the participant and spouse waived the coverage. At age 55, Part B T&PD benefits were converted to the form of annuity elected by the participant. There were 49 T&PD retirees (see Appendix E) who were younger than age 55 at DOPT. We noted that one of these retirees had a Part A benefit in the J&65%S form of annuity and 11 of these retirees had Part B benefits in a Joint and Survivor annuity form of annuity, contrary to the pre-age 55 T&PD provisions of the plan described above. We do not know the reason why the plan administrator allowed these participants to choose a Joint and Survivor form of annuity before age 55. In the valuation we did not change these retirees' forms of annuity.

*Part C Benefits*

The automatic form of annuity for Part C benefits for an unmarried participant is a SLA; the automatic form of annuity for a married participant is a Joint & 100% Survivor Annuity (J&100%S). When data were unavailable, we assumed that participants were married with females (a) 4 years younger than their male spouses for valuation purposes and (b) the same age for lump sum benefit payment purposes.

The Part C forms of annuity contain a modified cash refund for participants who die and the total of the benefit payments before death is not greater than the cash balance account at the date of retirement. In plan practice the actuarial equivalent annuity conversion factor calculation ignored the modified cash refund period (see page 132 of *Delphi Salaried Programs Defined Benefit Plan Rules*, Image Viewer Doc. #400914215). We did the same in the valuation.

*Plan Optional Forms of Annuity*

There are no participants who elected a plan optional form of annuity after DOPT but prior to DOTR.

There were two participants, [redacted] and [redacted], who retired on August 1, 2009 who were younger than age 55 and did not have 30 years of eligibility service. They received the coverage described above under subsection *Part A and Part B Post-Retirement 50% Spouse Coverage for Retirement Payments before Age 55.*

*Future Benefit Changes*

*A. Regular Benefits*

There are 3,897 participants (3,278 pre-DOPT retirees, 619 post-DOPT retirees) in pay who are receiving an Early Retirement or Interim supplement and/or who are entitled to the Part A benefit adjustment at age 62 and one month and will require a future benefit change. Please see Appendix M (pre-DOPT retirees) and Appendix N (post-DOPT retirees) for lists of these participants.

*B. Disability Benefits*

Under the plan provisions, participants who retired before age 55 with an auxiliary disability benefit are required to select a final form of annuity at age 55. See Section 5, *Plan Benefit Formula Summary,* for a description of the plan disability benefit. There are 60 participants (49 pre-DOPT retirees, 11 post-DOPT retirees) in pay who are required to select a form of annuity at age 55. See Appendix E (pre-DOPT disabled retirees) and Appendix F (post-DOPT disabled retirees) for lists of these participants.

There are 17 T&PD participants (11 pre-DOPT retirees, 6 post-DOPT retirees) who are receiving a Temporary supplement and will require a future benefit change at age 62 and one month when the supplement ends. Please see Appendix O (pre-DOPT retirees) and Appendix P (post-DOPT retirees) for lists of these participants.

*C. 50% Spouse Coverage for Non-Disability Retirement before Age 55*

There were nine non-disabled participants under age 55 at their date of retirement who received the 50% Spouse Coverage for Payments before Age 55 described above. These participants are required to select a final form of annuity at age 55, if they have not already done so. These nine retirees are listed in the table below.

| No. | Participant Name | Participant SSN | Date of Retirement | Age 55 Retirement Date | Comment |
|---|---|---|---|---|---|
| 1 | [redacted] | [redacted] | 03/01/2009 | 04/01/2016 | Not yet age 55 |

| No. | Participant Name | Participant SSN | Date of Retirement | Age 55 Retirement Date | Comment |
|---|---|---|---|---|---|
| 2 | [redacted] | [redacted] | 01/01/2009 | 05/01/2012 | Chose PBGC J&100%S form at age 55 |
| 3 | [redacted] | [redacted] | 04/01/2009 | 05/01/2009 | Chose Plan SLA form at age 55 |
| 4 | [redacted] | [redacted] | 03/01/2009 | 07/01/2019 | Not yet age 55 |
| 5 | [redacted] | [redacted] | 02/01/2009 | 03/01/2020 | Not yet age 55 |
| 6 | [redacted] | [redacted] | 03/01/2009 | 12/01/2009 | Chose PBGC J&75%S form at age 55 |
| 7 | [redacted] | [redacted] | 08/01/2009 | 12/01/2009 | Chose PBGC J&50%S with Pop-up form at age 55 |
| 8 | [redacted] | [redacted] | 08/01/2009 | 11/01/2011 | Chose PBGC SLA form at age 55 |
| 9 | [redacted] | [redacted] | 05/01/2009 | 04/01/2012 | Participant has not elected his age 55 form of annuity |

* [redacted] attained age 55 prior to DOPT but did not elect a final form of annuity at age 55 until after DOPT.

## 11. Benefit / Plan Document Interpretations of Note

*A. Benefit Changes Effective October 1, 2003*

*Delphi Salaried Programs Defined Benefit Plan Rules* (Image Viewer Doc. #400914215) describe benefit changes effective October 1, 2003 for Part A benefit rates, Early Retirement supplements, Interim supplements, Temporary supplements, and the Part B Supplementary compensation level. These changes are not mentioned in the two plan document restatements. They are mentioned as proposed changes for committee approval in the November 10, 2003 Delphi Employee Benefit Plans Committee memorandum *Benefit Modifications Covering U.S. Salaried Employees* (Image Viewer Doc. #403778532). In the May 21, 2004 Delphi Employee Benefit Plans Committee memorandum *Benefit Modifications Covering U.S. Salaried Employees* (Image Viewer Doc. #403778533), the October 1, 2003 changes are again listed (in conjunction with proposed October 1, 2004 changes) and it is stated "In November 2003, the EBPC approved salaried pension increases effective October 1, 2003." We accepted the October 1, 2003 benefit increases as validly adopted by Delphi based on these documents.

*B. Age 62 and One Month Date Calculation*

The plan age 62 and one month date is the date at which plan benefit supplements (Temporary, Interim, or Early Retirement) cease and the Part A benefit is adjusted (for those eligible for the 85-Point or 30-Year retirement types). The plan document does not define how this date is determined. Plan practice (see page 21 of *Delphi Salaried Programs Defined Benefit Plan Rules*, Image Viewer Doc. #400914215) calculated this date as the first of the month coincident with or next following the date the participant turns age 62 and one month, except that a participant born on the 2nd day of the month will be treated as if they were born on the 1st day of the month. We followed this plan practice in the valuation.

Note that a participant can receive a supplement payment after age 62. For example, a participant with 30 years of eligibility service who was born on January 15, 1960 has an age 62 and one month date of March 1, 2022. If the participant retires before age 62, then the last early retirement supplement payment is on February 1, 2022. This participant's Part A benefit is adjusted to an unreduced (for age) amount beginning with the payment on March 1, 2022.

Note also that a participant can retire on the age 62 early unreduced date and have a supplement payable on that date. For example, consider a participant with 30 years of eligibility service who was born on January 15, 1960 and who retires on February 1, 2022. The participant's age 62 and one month date is March 1, 2022. This participant receives a single early retirement supplement payment on February 1, 2022. This participant's Part A benefit would not be adjusted to an unreduced (for age) amount beginning with the payment on March 1, 2022 because the benefit in pay would already be unreduced.

*C. Length of Service Date*

The plan defines Length of Service Date as "the date recognized under Delphi policy utilizing date of hire and periods of employment with the Corporation or its subsidiaries which are considered unbroken under Delphi Policies."

Plan practice (see page 26 of *Delphi Salaried Programs Defined Benefit Plan Rules*, Image Viewer Doc. #400914215) considered the Length of Service Date to be a participant's most recent date of hire (ignoring a service break with a date of rehire within 3 months of a date of termination of employment). Plan practice used this date in conjunction with the plan requirement that a participant be "hired before January 1, 1988" for 30-Year and 85-Point retirement type eligibility and Early and Interim supplement eligibility. Plan administrators interpreted this provision to refer to the most recent date of hire. Thus, a participant with an initial date of hire before 1988 who earned 30 years of service but quit and more than 3 months later was reemployed on a date after 1987 would have a Length of Service Date at the rehire date after 1987. This participant would not be eligible for the 30-Year retirement type or Early Retirement supplement because the most recent date of hire was not before 1988. We followed this interpretation in the valuation.

*D. Age at Retirement Calculation for Early Retirement Adjustment Factor Determination*

Plan early retirement adjustment factors are based on age at date of retirement. Plan practice (see page 20 of *Delphi Salaried Programs Defined Benefit Plan Rules*, Image Viewer Doc. #400914215) calculated the age for determining the factors by subtracting the participant's date of birth from the date of retirement.

The subtraction is done as follows:

Date of retirement expressed as MM DD YYYY, less
Date of birth expressed as MM DD YYYY

Days are made subtractable by borrowing from the months. If a month is borrowed, 30 days are added to the number of days, regardless of the actual calendar days within the given month. Once days are subtractable, months are made subtractable by borrowing from the years if needed. If a year is borrowed, 12 is added to the number of months. The resulting years are subtracted from one another and the months are subtracted from one another. Any remaining days are rounded up a month. Age, expressed as completed years and months, is rounded to four decimal places.

We followed this plan practice in the valuation. As a result of this practice, a participant may receive an adjustment factor of 1.0000 on the date one month before the participant's early unreduced retirement date.

For example, if a deferred vested participant born on January 15, 1960 has an early unreduced retirement date at normal retirement of February 1, 2025, then on January 1, 2025, one month before the normal retirement date, the participant's age is 64 years, 11 months, 16 days. The remaining days are rounded up a month and the age used for early retirement factor determination is 65. Therefore, the early retirement factor one month before normal retirement on January 1, 2025, is 1.0000.

*E. Post-DOPT Disability Benefit Eligibility*

As of DOPT, a group of 45 participants had not applied or re-applied for plan T&PD benefits. Many of these participants were receiving benefits from other Delphi plans (Sickness and Accident or Extended Disability Benefit plans). Under the plan, a participant qualified for T&PD benefits if the participant was younger than age 65 with 10 or more years of service and was determined to be totally and permanently disabled by Delphi. The plan does not require that the participant be determined to be disabled by the Social Security Administration. After DOPT, with OPSS's concurrence, PBGC sent letters to these participants informing them that in order to receive T&PD benefits, they would need to obtain approval from Delphi. PBGC advised Delphi to follow Delphi's usual disability application process. PBGC did not require these participants to commence T&PD benefits immediately if approved. In August of 2010, Delphi notified PBGC that they would cease making disability determinations as of September 30, 2010. After September 30, 2010, TPD 7 and OPSS agreed that the following criteria would be used by PBGC in determining if a participant was eligible for a post-DOPT T&PD disability retirement date. Please see the PBGC File Memorandum dated November 1, 2010, Image Viewer Doc. #225929828. The Memorandum includes an attachment that lists the 45 participants. Also please see the OCC e-mail regarding how PBGC should handle applications for T&PD benefits, Image Viewer Doc. #404521930.

a. If a participant was determined by Social Security to be disabled before DOPT but never applied for T&PD benefits, then PBGC will allow the participant to receive T&PD benefits.
b. If a participant was determined by Social Security to be disabled before DOPT but was denied T&PD benefits by Delphi and exhausted all company appeals, then PBGC will not allow the participant to receive T&PD benefits.
c. If a participant was determined by Social Security to be disabled before DOPT and was denied T&PD benefits by Delphi but did not complete all stages of the Delphi appeal process as of DOPT, then PBGC will allow the participant to receive T&PD benefits.

In the valuation, there are 26 participants who were granted T&PD benefits by PBGC after DOPT. At the time the November 1, 2010 memorandum was written, 19 participants had been approved for T&PD benefits. Seven additional participants were approved for T&PD benefits after November 1, 2010. These participants are listed in the following table:

| No. | Participant Name | Participant SSN | Date of Retirement |
|---|---|---|---|
| 1 | [redacted] | [redacted] | 10/01/2009 |
| 2 | [redacted] | [redacted] | 12/01/2009 |
| 3 | [redacted] | [redacted] | 04/01/2012 |
| 4 | [redacted] | [redacted] | 08/01/2010 |
| 5 | [redacted] | [redacted] | 08/01/2009 |
| 6 | [redacted] | [redacted] | 01/01/2012 |
| 7 | [redacted] | [redacted] | 04/01/2012 |
| 8 | [redacted] | [redacted] | 09/01/2009 |
| 9 | [redacted] | [redacted] | 11/01/2009 |
| 10 | [redacted] | [redacted] | 08/01/2009 |
| 11 | [redacted] | [redacted] | 09/01/2009 |
| 12 | [redacted] | [redacted] | 10/01/2009 |
| 13 | [redacted] | [redacted] | 09/01/2010 |
| 14 | [redacted] | [redacted] | 03/01/2011 |
| 15 | [redacted] | [redacted] | 02/01/2010 |
| 16 | [redacted] | [redacted] | |
| 17 | [redacted] | [redacted] | 10/01/2010 |
| 18 | [redacted] | [redacted] | 06/01/2013 |
| 19 | [redacted] | [redacted] | 11/01/2009 |
| 20 | [redacted] | [redacted] | 06/01/2010 |
| 21 | [redacted] | [redacted] | 04/01/2012 |
| 22 | [redacted] | [redacted] | 06/01/2011 |
| 23 | [redacted] | [redacted] | 04/01/2012 |
| 24 | [redacted] | [redacted] | 10/01/2009 |
| 25 | [redacted] | [redacted] | 06/01/2010 |
| 26 | [redacted] | [redacted] | |

T&PD participants who retired after DOPT but before age 55 were put into pay with their accrued benefits. PBGC did not provide these participants with the Part A 50% spouse coverage before age 55 (see Image Viewer Doc. #403778566). Instead, PBGC decided that the Part A and Part B benefits were covered by the plan QPSA up until age 55 (see Section 8. *QPSA and other Pre-Retirement Death Benefits*). At age 55, these participants are required to choose their retirement form of annuity.

PBGC allowed post-DOPT T&PD participants with employee contributions to withdraw employee contributions up to their initial benefit commencement date. Thereafter, T&PD participants were not allowed to withdraw employee contributions (see Image Viewer Doc. #403778567).

*F. Freeze of Career Transition 3% Average Salary Increase*

Under the plan freeze provisions, average base salary was frozen as of the freeze date, September 30, 2008. The freeze provisions also state that the 3% annual increase (not compounded) to average base salary provided in many divestitures is also frozen as of the freeze date. The freeze provisions do not mention the effect of the freeze on the 3% increase to average base salary in Career Transition programs. Delphi did send a notification to participants, dated September 15, 2008, informing them that the 3% increase to average base salary in Career Transition programs would be frozen on September 30, 2008 (Image Viewer Doc. #401772732). In the valuation, we applied the freeze to the 3% average base salary increase of Career Transition program participants.

*G. Joint and Survivor Form of Annuity Change (J&65%S to J&60%S)*

Effective October 1, 1999, the plan changed the normal married form of annuity for Part A and Part B benefits from a Joint and 60% Survivor (J&60%S) to a J&65%S form of annuity. The plan language did not contain reference to retirees in pay before October 1, 1999 with J&60%S annuities. The Delphi Hourly Plan (PBGC case number 20637100) provisions similarly changed the normal married form effective October 1, 1999 but also provided that hourly participants with Joint and survivor annuities, who retired between November 1, 1976 and October 1, 1999, would receive a form of annuity "uplift" to the J&65%S annuity form. Although the salary plan provisions did not contain the language for this uplift, we found in the Delphi data some retirees who retired before October 1, 1999 and were listed with J&65%S annuities. There is a Delphi memorandum dated December 2, 1999 (Image Viewer Doc. #401844713) noting Salaried Plan changes "consistent" with Hourly Plan changes. The memorandum does not list the form of annuity uplift. John DeMarco, the former Delphi Director of Pension and Welfare Benefits, informed us that the Delphi salary plan did not have the same retroactive uplift as the Hourly plan. He stated that he was not certain why retirees who retired before October 1, 1999 had J&65%S annuities. We interpret the plan to provide the J&60%S form to participants who terminated employment before October 1, 1999. We examined retirees who terminated employment before October 1, 1999 but were in pay with the J&65%S form of annuity. We changed the form of annuity for any retiree whose Image Viewer file contained a Delphi *SRP 117* form of annuity election document that showed a J&60%S form of annuity from J&65%S to J&60%S. No monthly benefit amounts to participants were changed as a result of this decision because the plan annuity form conversion factors for J&65%S and J&60%S annuities are the same. The 28 retirees whose forms of annuity we changed are listed below.

| No. | Participant Name | Participant SSN | Date of Termination of Employment | Date of Retirement |
|---|---|---|---|---|
| 1 | [redacted] | | 09/30/1999 | 10/01/1999 |
| 2 | | | 09/30/1999 | 10/01/1999 |
| 3 | | | 09/30/1999 | 10/01/1999 |
| 4 | | | 09/30/1999 | 10/01/1999 |
| 5 | | | 05/31/1999 | 06/01/1999 |
| 6 | | | 08/31/1999 | 09/01/1999 |
| 7 | | | 04/30/1999 | 05/01/1999 |

| No. | Participant Name | Participant SSN | Date of Termination of Employment | Date of Retirement |
|---|---|---|---|---|
| 8 | [redacted] | | 06/30/1999 | 07/01/1999 |
| 9 | | | 09/30/1999 | 10/01/1999 |
| 10 | | | 03/31/1999 | 04/01/1999 |
| 11 | | | 09/30/1999 | 10/01/1999 |
| 12 | | | 09/30/1999 | 10/01/1999 |
| 13 | | | 09/30/1999 | 10/01/1999 |
| 14 | | | 07/31/1999 | 08/01/1999 |
| 15 | | | 05/31/1999 | 06/01/1999 |
| 16 | | | 09/30/1999 | 10/01/1999 |
| 17 | | | 03/31/1999 | 04/01/1999 |
| 18 | | | 09/30/1999 | 10/01/1999 |
| 19 | | | 09/30/1999 | 10/01/1999 |
| 20 | | | 06/30/1999 | 07/01/1999 |
| 21 | | | 12/23/1998 | 02/01/1999 |
| 22 | | | 03/31/1999 | 04/01/1999 |
| 23 | | | 07/31/1999 | 08/01/1999 |
| 24 | | | 09/30/1999 | 10/01/1999 |
| 25 | | | 12/31/1998 | 04/01/1999 |
| 26 | | | 09/28/1999 | 10/01/1999 |
| 27 | | | 09/30/1999 | 10/01/1999 |
| 28 | | | 04/30/1999 | 05/01/1999 |

*H. Withdrawal of Employee Contributions while Working*

The plan allowed employee contribution withdrawals while a participant was working and making contributions. Future Part B benefits calculated after the in-service withdrawal date were based on the employee contributions made and service earned after the withdrawal date. At the in-service withdrawal date, an "ERISA Minimum Benefit" was calculated equal to the participant's Part A and Part B accrued benefits as of the withdrawal date offset by the benefit attributable to the employee contributions withdrawn. For example, see the GM withdrawal forms for retiree [redacted] (Image Viewer Doc. #228574382, pages 19 and 20). He withdrew on two dates before his date of termination of employment. The GM forms show how the minimum benefit calculated on the first withdrawal date is incorporated in the minimum benefit calculated on the second withdrawal date.

Printed at the bottom of the GM withdrawal forms is the following statement in regard to the calculated minimum benefit: "Payable only if your retirement benefit is not equal to or greater than this minimum benefit." PBGC asked GM if a participant could lose the Part B accrued benefits earned prior to the withdrawal date if the minimum benefit was less than the accrued benefits earned after the withdrawal date. In a memorandum to Jim Armbruster of OCC from GM (Image Viewer Doc. #403732249), dated September 13, 2012, GM stated that in-service withdrawal employees retain a benefit attributable to employer contributions. In reference to a calculation example, GM stated the participant would receive the Part B benefits earned after the withdrawal date and "an ERISA minimum benefit attributable to employer contributions determined at the date of withdrawal." We interpreted this to mean that the accrued Part B benefits at the date of an in-service withdrawal less the benefit attributable to the employee contributions as of the withdrawal date (the employer provided Part B benefit) are always added to the employee's post withdrawal accruals when determining a participant's total accrued benefit. We believe this interpretation does not violate the anti-cutback rules of ERISA.

We examined retirees who made in-service withdrawals and found that the plan administrators did not provide the minimum benefit as described above to 326 participants who made in-service withdrawals. For example, in the calculation for retiree [redacted]), we matched the benefit in pay using only his post withdrawal Part B accrued benefits. His net Part B benefits prior to his second withdrawal date were not included in his retirement benefits. For 326 payees with in-service withdrawals in the valuation, we determined the net Part B benefits at the date(s) of withdrawal and added these benefits (adjusted for early/late retirement and form of annuity as applicable) to the retirees' benefits in pay. Please see Image Viewer Doc. #403829823 in regard to the discussion with ASD to increase retirees' benefits for their missing ERISA minimum benefits from in-service withdrawals. These retirees are included in the pre-termination liabilities described in Section 19. *Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability*. In the table below we show the breakdown of these payees according to those with and without GM withdrawal forms.

| Retirees and Beneficiaries with In-service Withdrawals | Number |
|---|---|
| Number without GM withdrawal forms. Valuation calculated benefits at the in-service withdrawal dates based on service and employee contributions at the in-service withdrawal dates. | 162 |
| Number with GM withdrawal forms. Valuation used Part B benefits printed on the GM forms as the Part B benefits as of the in-service withdrawal dates. | 164 |
| Total | 326 |

For the 125 non-retirees with in-service withdrawals in the valuation, we determined the net Part B benefits at the dates(s) of withdrawal and added these benefits (adjusted for early/late retirement and form of annuity as applicable) to the participants' benefits at the expected retirement date. In the table below we show the breakdown of these participants according to those with and without GM withdrawal forms.

| Non-Retirees with In-service Withdrawals | Number |
|---|---|
| Number without GM withdrawal forms. Valuation calculated benefits at the in-service withdrawal dates based on service and employee contributions at the in-service withdrawal dates. | 100 |
| Number with GM withdrawal forms. Valuation used Part B benefits printed on the GM forms as the Part B benefits as of the in-service withdrawal dates. | 25 |
| Total | 125 |

*I. Incorrect Interest Rate for Post Withdrawal of Employee Contributions Accumulation*

We found that the GM in-service withdrawal forms used an incorrect interest rate to accumulate employee contributions after the withdrawal date to the normal retirement date for the purposes of determining the benefit attributable to employee contributions. After October 1, 1988, GM used interest equal to 120% of the Federal mid-term rates and a 10% annuity conversion factor to accumulate and convert employee contributions to an annuity at age 65. IRC section 411(c)(2)(C)(iii) states that the interest rates for accumulating employee contributions before a withdrawal are 120% of the Federal mid-term rates and, after a withdrawal, are IRS section 417(e)(3) rates. For example, [redacted] withdrew his employee contributions on July 17, 1996. His GM withdrawal form (Image Viewer Doc. #229109715, page 11) shows that 7.59% interest was used to accumulate his employee contributions after his withdrawal date to his normal retirement date. However, 7.59% is not the IRS section 417(e)(3) rate as of the withdrawal date but is the 120% Federal mid-term rate in effect on October 1, 1995. Note that the GM forms agree with OBRA '87 legislation but not with the retroactive OBRA '89 legislation. Apparently, GM never updated their employee contribution withdrawal procedures for OBRA '89. Because of this error on the GM withdrawal forms, we did not use the benefit attributable to employee contributions at normal retirement date shown on line 20 of the GM withdrawal forms for employees who made in-service withdrawals after October 1, 1988. Instead, we calculated the amount using the interest rates and mortality required by law.

*J. Treatment of Withdrawal of Employee Contributions after Benefit Freeze Date or Divestiture Date*

There are 15 deferred vested participants who withdrew their employee contributions after the benefit freeze date and before their dates of termination of employment (see Appendix Q). There are 13 participants (five retirees and eight deferred vesteds) who withdrew their employee contributions after the dates their Delphi units were divested and before their dates of termination of employment (see Appendix R). Although these participants withdrew their employee contributions before their DOTE, they withdrew after a date they could no longer make employee contributions or earn Part B credited service. We treated these withdrawals as out of service withdrawals, i.e., we calculated the total monthly benefit and offset the monthly benefit attributable to employee contributions as defined in ERISA.

*K. Joint and Survivor Form of Annuity without Pop-Up for Part B Benefits*

According to the plan, the Part B normal married form of annuity provides "surviving spouse coverage in accordance with the provisions of Part A, Article I, Section 5(a) through (g)." The Part A normal married form of annuity described in Section 5(a) through (g) is a J&65%S with pop-up. Plan practice shows that Delphi did not provide the pop-up feature to the Part B married form of annuity. Delphi participant annuity election forms explicitly state that the Part B form does not contain a pop-up (see Image Viewer Doc. #403776165, Page 11, for [redacted]). We accepted this interpretation of the plan because the pop-up feature of the Part A form of annuity provides a benefit to the participant, not the surviving spouse, i.e., it is not considered "surviving spouse coverage." See Section 14. *Maximum Guaranteeable Benefit / Aggregate Maximum Benefit*, subsection *MGB for Participants with Part A and Part B Benefits*, for the discussion regarding how the Maximum Guaranteeable Benefit was calculated for a participant's combined Part A and Part B benefits in Delphi.

*L. Change of Form of Annuity Elections by Participants after Retirement*

The plan contains provisions for retired participants to change their elected form of annuity after benefits commence under certain conditions. A retired participant who elected surviving spouse coverage for part A and Part B benefits may rescind the surviving spouse coverage after commencement of benefits under the following conditions:

a. if the designated spouse predeceases the participant,
b. if the designated spouse signs a waiver of coverage and proof of the spouse's good health is provided, or
c. if the participant and designated spouse are divorced and a QDRO provides that the spouse is not entitled to the survivor benefit from surviving spouse coverage.

A retired participant who was single at retirement and later marries or who is married at retirement and later remarries (and rescinds any prior surviving spouse coverage) can elect surviving spouse benefit coverage for the new spouse within 18 months of marriage. This provision is only applicable to Part A benefits. The coverage is only available if the coverage had not been rejected for a previous spouse.

We discussed with ASD, OCC, and OPSS the extent to which PBGC would allow a retired participant to make these form of annuity changes. It was decided that retirees in pay as of DOPT would not be allowed to make changes to the form of annuity in effect as of DOPT and that a post-DOPT retiree may not change the form of annuity elected at the date of retirement. PBGC will honor any documented form of annuity change made before DOTR (see Image Viewer Doc. #403778568).

A number of pre-DOTR retirees notified PBGC that they changed their benefit annuity form based on Delphi's marriage/remarriage rules but that the benefit in pay as of DOTR did not reflect their decision. In some cases, PBGC was able to verify this through the participant's Delphi Retirement Annuity Election Form documents. In other cases, the retiree's annuity election documents were not available. PBGC decided to accept documentation that the retiree added the new spouse to Delphi health and life insurance plan coverage as evidence that the participant elected surviving spouse benefit coverage for their pension benefit (see Image Viewer Doc. #403778568).

*M. Salaried Retirement Incentive Window Treatment of Early Retirement Supplement*

The available documentation of the various Salaried Retirement Incentive retirement window programs comes from Delphi Employee Benefit Plans Committee memorandums. These memorandums do not describe the provisions in detail. In general the memorandums provide that factors from a special reduction table are applied to plan benefits. We determined from actual retiree calculations that the factors were also applied to Part A Temporary and Early Retirement supplements for a Salaried Retirement Incentive retiree with 30 years of service. For example, the Part A supplements of [redacted] were determined by Delphi as follows:

Window Temporary Supplement = Plan Temporary Supplement x Window Reduction Factor = \$1,270.50 x 0.816 = \$1,036.73

Window Early Retirement Supplement = (Plan Early Retirement Supplement - Window Temporary Supplement) x Window Reduction Factor = (\$1,353.08 - \$1,036.73) x 0.816 = \$258.14

We asked Delphi plan administrators, John DeMarco, the former Delphi Director of Pension and Welfare Benefits, and Brian Studer, the Delphi Manager of Employee Benefits, in an e-mail dated December 11, 2009, if this was the method plan administrators used to calculate Early Retirement Supplements for Salaried Retirement Incentive Window benefits. John DeMarco confirmed that the above method was used by plan administrators (see Image Viewer Doc. #403732244). We followed this method in the valuation.

*N. Average Monthly Base Salary*

Average Monthly Base Salary (AMBS) is defined in the plan as the monthly average of the employee's base salary for the highest 60 months of the 120 months immediately preceding the employee's date of termination of employment. The plan does not describe how to calculate AMBS in the case when the employee has less than 60 months of employment.

In the valuation, there were 11 deferred participants with less than 60 months of employment. For these employees, we calculated AMBS by dividing the total monthly compensation received by the participant by the number of months of compensation.

*O. Post 1999 GM Service and Eligibility Service for Peregrine Divestiture*

[redacted], and [redacted] were Peregrine divested employees. All three left employment at Peregrine to work for GM in 1999 and continued working for GM up to DOPT. The plan does not state that GM service after 1998 should count as eligibility service for a divestiture employee who is hired by GM after 1998.

In [redacted]'s Image Viewer file, there is an e-mail stream (Image Viewer Doc. #224233116) between Brian Studer, the Delphi Manager of Employee Benefits, and Lisa McCulloch of GM. The e-mails are dated April 23, 2008. In the e-mails, Brian Studer states that Delphi and GM determined that "If a former Peregrine employee rehires at GM on or before 12-31-2000 and GM grants the employee an adjusted service date (that precedes the divestiture to Peregrine), then Delphi will use combined credited service from their former period of GM employment, which Delphi has, and their C.S. at Peregrine and their GM C.S. to determine eligibility."

PBGC has no other documentation of this decision between Delphi and GM. We accepted this decision and credited [redacted], and [redacted] with eligibility service for their GM service after 1998.

*P. Medicare Supplements are not a Plan Benefit*

Some participants have asked PBGC about their Delphi Medicare Supplement. The plan document contains no reference to Medicare Supplements. Medicare Supplements were part of the Delphi Health Care Plan. The confusion may have arisen because the Delphi Medicare Supplement was listed on the pension benefit statements provided to participants by Delphi and was paid to participants as part of their pension check. PBGC is not responsible for the payment of any Delphi Medicare Supplements.

*Q. Auxiliary Disability Benefit*

OCC pointed out that the plan has provisions that require disabled participants to submit to medical examinations to prove continued disability up to age 65, and that, at normal retirement the participant's benefit is "reclassified" as a normal retirement benefit. According to OCC, these provisions could be interpreted to mean that the disability benefit was an auxiliary benefit up to age 65 and, therefore, there was a potential conflict with the plan's age 55 final form of annuity election. ASD sought guidance from OCC regarding at what age the auxiliary disability benefit should be converted to a retirement benefit.

An auxiliary benefit is a disability benefit that is payable before early or normal retirement that does not result in an actuarial decrease for the early receipt of benefits (Treas. Reg. 1.401(a)-20 Q&A 10(c)). The plan disability benefits meet these criteria. Treasury Regulations also indicate that a participant receiving an auxiliary benefit begins retirement at early or normal retirement and spousal rights are determined at that date. In a memorandum dated June 19, 2014 (Image Viewer Doc. #403732255), OCC agreed that PBGC should convert the Delphi auxiliary disability benefit to a regular retirement benefit at age 55.

*R. Reference Error Regarding Cash Balance Crediting of Interest*

The plan changed the cash balance interest crediting period in Part C from calendar years to plan years in Part C, Article II, Section 3(a) of the October 1, 2004 plan document. This change was also discussed in the August 15, 2003 Cash Balance Plan Memorandum of the Delphi Employee Benefit Plans Committee (Image Viewer Doc. #215128907). In plan practice the change was effective October 1, 2003. However, Part C, Article II, Section 3(b) of the October 1, 2004 plan document, still refers to calendar years for determining the cash balance. We considered the reference to calendar year in Article II, Section 3(b) to be an unintentional error.

*S. Validity of Benefit Freeze*

Benefit freeze notices were given to participants through a company letter dated September 15, 2008 (Image Viewer Doc. #401772732) and a plan brochure titled *Important News for Delphi U.S. Salaried Employees* (Image Viewer Doc. #215129081). We also have the Delphi Employee Benefit Plans Committee proposal to freeze the plan and approval of the freeze report (Image Viewer Docs. #401772730 and #403733134). PBGC accepted the benefit freeze as valid (see the March 17, 2015 e-mail from OCC, Image Viewer Doc. #403829824).

## 12. Expected Retirement Age

The company was reorganized under the Bankruptcy Code in an asset sale in October of 2009. We obtained a list of company facilities that were closed, sold, or remained open after DOPT (see Appendix A). We used the most recent Delphi employee work location code (Delphi called this the CISCO code) assigned to each participant to determine the participant's employment location. If we could not determine a participant's employment location or we did not know the facility status (open, closed, or sold) at a participant's employment location, then we assumed the participant worked at a facility that was open as of DOPT. In some cases, a participant's date of termination of employment fell after the date of sale or date a facility closed. In these cases, we assumed that the participant had been transferred to an open facility. We determined the expected retirement age for participants as follows:

*Employment Facility Closed*

If the participant's employment location was at a facility that was closed on or before DOPT, we followed ERISA §4044.56 and applied Table 2C to determine the expected retirement age for participants who terminated employment one year or more before DOPT. When using Table 2C, we used the age at the EPRD as the participant's earliest retirement age at DOPT. Following ERISA §4044.57, the expected retirement age for participants who terminated employment within one year of DOPT and who worked at a closed facility was their age at their EPRD.

*Employment Facility Open as of DOPT*

Because plan provisions required that a participant retire from employment to begin receiving a benefit, we followed ERISA §4044.55 to determine the expected retirement age for a participant at an open facility as of DOPT. We applied Table 2A, 2B, or 2C according to the size of the participant's guaranteed monthly benefit at earliest unreduced retirement age to determine the expected retirement age for each active participant. We followed ERISA §4044.56 and applied Table 2C to determine the expected retirement age for each separated participant as of DOPT. When using Table 2A, 2B, or 2C, we used the age at the EPRD as the participant's earliest retirement age at DOPT.

*Employment Facility Sold before DOPT*

We assumed that any facility sold before DOPT was still open as of DOPT.

We received a list of divested units with coordination of benefits agreements between Delphi and the new owners of facilities sold before DOPT. For these divested units, we followed the expected retirement procedures described above under *Employment Facility Open as of DOPT*.

If there was not a coordination of benefits agreement between Delphi and the new owner of a facility sold before DOPT, then it was not required that a participant employed at such a facility retire from employment after the sale date to begin receiving a benefit. Following ERISA §4044.56, we applied Table 2C to determine the expected retirement age for each participant employed at a sold facility without a coordination of benefits agreement. When using Table 2C, we used the age at the EPRD as the participant's earliest retirement age at DOPT.

## 13. Accrued-at-Normal Limitation

Please see Section 5, *Plan Benefit Formula Summary*, for a description of the plan Early Retirement, Interim, and Temporary supplement benefits.

If a participant's benefits are limited by PBGC's Accrued-at-Normal (AAN ) limitation, then the Part A pop-up upon the death of the spouse must not occur until the age 62 and one month date (the date the Part A supplement ends); otherwise, the addition of the pop-up benefit would result in benefits above the AAN limit.

There are a total of 3,091 retirees and deferred vested participants whose benefits are affected by the AAN limitation. Please see Appendix S for the list of 1,949 retirees and deferred vesteds affected only by the AAN limitation. Please see Appendix T for the list of 1,142 retirees and deferred vesteds affected by both the AAN and Maximum Guaranteeable Benefit limitations.

## 14. Maximum Guaranteeable Benefit / Aggregate Maximum Benefit

*Maximum Guaranteeable Benefit*

There are a total of 3,386 retirees, deferred vested, beneficiaries, and alternate payees whose plan benefit exceeds the Maximum Guaranteeable Benefit (MGB). Some of these retirees, deferred vesteds, beneficiaries, and alternate payees will receive an increase due to the allocation of plan assets in PC3 and/or the 4022(c) allocation in PC3 (see Sections 17 thru 20 and Section 24 of this memo for more information). Please see Appendix U for the list of the 2,242 retirees, deferred vesteds, beneficiaries, and alternate payees affected only by the MGB limitation. Please see Appendix T for the list of 1,142 retirees and deferred vesteds affected by both the AAN and MGB limitations.

*MGB for Participants with Part A and Part B Benefits*

Because a participant could be in pay with any combination of the normal forms of annuity for their Part A and Part B benefits, we calculated a participant's MGB using the following steps:

1. Levelize the participant's unlevel benefits (Part A benefits if there is an adjustment at age 62 and one month and/or Supplements) and add the levelized benefits to any of the participant's level benefits.
2. Determine what percent survivor benefit applies to the total levelized benefit determined in (1) by dividing the total survivor benefit from all benefits by (1). Call this survivor percent "p%."

3. Determine the participant's Part A pop-up amount.
4. Determine the theoretical pop-up amount assuming all of the participant's benefit parts included a pop-up.

The MGB equals $4,500 x MGB Age Factor x MGB Joint and p% Survivor Factor x [1 – 0.04 x 0.65 x MGB Pop-up Age Factor x (3) / (4)]

See the e-mail dated October 14, 2009 for ASD's concurrence for this method (Image Viewer Doc. #403732250).

*MGB to Retirees with Partial Benefits in Pay at DOPT*

There were eight retirees (see Appendix V) who were in pay at DOPT with Part A benefits but who had not started their Part B benefits. There were 52 beneficiaries (see Appendix W) in pay with Part B benefits but who had not started their Part A benefits. We applied the MGB first to the benefit in pay at DOPT based on the form of annuity in pay. If the benefit in pay at DOPT did not exceed the MGB, then the percentage of the MGB above the benefit in pay at DOPT was used to adjust the MGB determined at the future retirement date of the benefit not in pay. If the benefit in pay at DOPT exceeded the MGB, then the benefit not in pay was considered above the MGB and was not guaranteed. See the e-mail dated October 14, 2009 for ASD's concurrence for this method (Image Viewer Doc. #403732250).

*MGB for Disability Benefits to Retirees Under Age 55 at DOPT*

As described in Section 10. *Forms of Annuity*, subsection *Part A and Part B Disability Auxiliary Benefit Form of Annuity*, participants under age 55 receiving a disability benefit were required to choose a final form of annuity at age 55. We applied the MGB first to the benefit in pay at DOPT based on the form of benefit in pay and the age of the participant at DOPT. At age 55, we applied the MGB based on the form of annuity chosen at age 55 and the age of the participant at DOPT.

*MGB for Non-Disability Benefits to Retirees Under Age 55 with 50% Survivor Coverage*

As described in Section 10. *Forms of Annuity*, subsection *Part A and Part B Post-Retirement 50% Spouse Coverage for Retirement Payments before Age 55*, participants under age 55 receiving a benefit with 50% spouse coverage were required to choose a final form of annuity at age 55. We applied the MGB first to the benefit in pay at DOPT based on the form of benefit in pay and the age of the participant at DOPT. At age 55, we applied the MGB based on the form of annuity chosen at age 55 and the age of the participant at DOPT. None of these participants' benefits were reduced by the MGB limitation.

*MGB Application for Participants with Foreign Benefit Offset*

As described in Section 9. *Offsets to Plan Benefits*, subsection *Foreign Service Offset*, a participant's benefit is offset by any benefit payable to the participant by a foreign subsidiary. Because foreign offset benefits are not plan benefits, the foreign benefit offset is applied to the plan benefit before applying PBGC MGB limitations. See Image Viewer Doc. #403762512 for ASD's concurrence to this decision.

*Aggregate Maximum Benefit*

There are 2,516 records listed in the Aggregate Maximum report provided by OASD.

There were 845 records for Delphi Salaried plan employees who were also employees in the Delphi Hourly-Rate Employees Pension Plan (PBGC Case Number 20637100), which has the same DOPT, trusteeship date, and termination initiation date as this plan. Because this plan is the smaller plan, it is considered the prior plan and these participants are not affected by the Aggregate Limit on Benefits Payable from PBGC funds in this plan. Note that the 845 employee number in both plans in the Aggregate Maximum report is different from the 73 participants with benefits from both plans in Appendix I because the Aggregate Maximum report includes 772 employees not included in the hourly and salaried valuations for various reasons.

There were 143 Delphi Salaried plan participants who were also in the ASEC Manufacturing Retirement Program (PBGC Case Number 21102100), Delphi Mechatronic Systems Retirement Program (PBGC Case Number 20700700), or PHI Non-Bargaining Retirement Plan (PBGC Case Number 21102700). These plans have the same DOPT, trusteeship date, and termination initiation date as this plan. Because this plan is the larger plan, it is considered the current plan. We found the benefits of these participants are not affected by the Aggregate Limit on Benefits Payable from PBGC funds.

We analyzed the remaining 1,528 employees of other plans in the Aggregate Maximum report and found that none are affected by the Aggregate Limit on Benefits Payable from PBGC funds.

Please see Appendix X for a list of 1,270 participants in this plan who are also participants in other PBGC trusteed plans.

## 15. Phase-In Limitation

*Benefit Freeze Immediate Vesting*

As part of the plan benefit freeze, effective September 30, 2008, active employees and employees who separated from employment with less than 5 years of service as part of any divestiture that occurred between August 1, 2006 and September 30, 2008 were made 100% vested. According to John DeMarco, the former Delphi Director of Pension and Welfare Benefits, the Internal Revenue Service (IRS) ruled that this benefit increase was de minimis and that IRC Section 401(a)(33) and Section 412(f)(1) (pertaining to nonqualification of a plan if a plan adopts a benefit increase while the employer is a debtor under title 11) could be waived. We do not have documentation of this IRS waiver. The immediate vesting provisions are described in appendices B3, B4, B5, and B6 of the April 30, 2009 Watson Wyatt Financial Accounting Standards 35 Opinion (Image Viewer Doc. #403778572) and in the benefit freeze notices given to participants (Image Viewer Docs.

#401772732 and #215129081). We accepted the assertion by John DeMarco that Delphi obtained a waiver for the immediate vesting provision. We applied a 0% phase-in to this benefit increase (see Image Viewer Doc. #403778569). Because the 4022(c) allocation did not increase the benefits of participants with unfunded non-guaranteed PC5 benefits, participants affected by this phase-in will not receive a benefit from PBGC unless they receive a benefit attributable to their employee contributions.

The 0% immediate vesting phase-in affected the benefits of one retiree and 373 deferred participants. The one retiree affected by the 0% immediate vesting phase-in of Part C benefits is [redacted] The 0% immediate vesting phase-in affected the Part A benefits of three deferred participants, [redacted], and [redacted]). All other benefits affected by the 0% immediate vesting phase-in are Part C benefits. The 373 deferred participants affected by the 0% immediate vesting phase-in are listed in Appendix Y.

*Benefit Rate, Supplement, and Compensation Limit Increases*

The increase to Part A benefit rates from $48.50 to $49.55, effective October 1, 2004, is $80/80% phased-in. The increases to Part A Early Retirement and Interim supplements, effective October 1, 2004, are $80/80% phased-in. The increases in 401(a)(17) compensation limits are phased-in as shown in the following table:

| Effective Date | 401(a)(17) Compensation Limit | Phase-in Limitation |
|---|---|---|
| 10/01/2004 | $205,000 | $80/80% |
| 10/01/2005 | $210,000 | $60/60% |
| 10/01/2006 | $220,000 | $40/40% |
| 10/01/2007 | $225,000 | $20/20% |
| 10/01/2008 | $230,000 | 0% |

At the valuation expected retirement date, there are no participants with benefit increases from the Part A benefit rate change, Part A supplement changes, and/or the changes to compensation limits that are affected by phase-in limitations.

One participant, [redacted], had a benefit increase at his normal retirement date from the Part A benefit rate change and the changes to compensation limits that is affected by the $60/60% phase-in limitation. He earned compensation over the 401(a)(17) compensation limits. He also had benefits reduced by the benefit he earned from GM Canada.

One participant, [redacted], had benefit increases at his early unreduced retirement date and normal retirement date from the Part A benefit rate change and the changes to compensation limits that are affected by the $80/80%, $60/60%, and $40/40% phase-in limitations. He earned compensation over the 401(a)(17) compensation limits. He also had benefits reduced by the benefit he earned from GM Canada.

*Mutually Satisfactory Retirement Benefit Increase*

The Delphi Hourly plan provided hourly participants Mutually Satisfactory Retirement (MSR) benefits "as a result of a plant closing or discontinuance of operations." MSR provisions provide an hourly participant with unreduced benefits at the participant's date of retirement.

There are four retirees in the Delphi Salaried plan with "Mutually Satisfactory Release" as the last event of their employment history in the deconversion file. All four transferred from the Delphi Salaried plan to the Delphi Hourly plan. These retirees are: [redacted], and [redacted].

The Part A benefit of these four retirees is paid by the Delphi Hourly plan. The Part B Primary benefit of these four retirees is paid by the Delphi Salaried plan. None of these retirees has a Part B Supplementary benefit.

The Delphi Salaried plan does not contain MSR provisions or indicate that transfers to the Delphi Hourly plan could receive MSR unreduced Part B benefits. Two of the retirees, [redacted] and [redacted], have a Delphi benefit calculation document that shows the Part B Primary benefit did receive MSR unreduced treatment (see Image Viewer Docs. #219822430, page 3, and #219898765, page 2). All four of the retirees' Part B benefits in pay are matched when calculated with no early retirement reduction. John DeMarco, the former Delphi Director of Pension and Welfare Benefits, stated that "when an employee retired under an Hourly MSR, they received all of their benefits, including any salary program benefits, under the provisions of the MSR." We accepted the plan practice that provided these retirees with MSR unreduced Part B benefits (see Image Viewer Doc. #403778907).

[redacted], and [redacted] retired before 2004. Because they were given the MSR for their Part B benefits more than 5 years before DOPT, their Part B benefits in pay are 100% phased-in.

[redacted] worked at the Delphi facility in Athens, Alabama. This facility closed within one year of DOPT. His termination of employment is December 31, 2008. The MSR he received is considered an Unpredictable Contingent Event Benefit (UCEB). Under PPA 2006, because the Unpredictable Contingent Event (UCE) occurred after July 26, 2005 and within one year of DOPT, his Part B benefit increase from the MSR benefit provisions is 0% phased-in. Note that the PBGC is also applying the same 0% phase-in to Delphi Hourly plan benefits under the MSR given to hourly employees at the Athens facility. The UCEB is not prohibited under IRC 436(b). See Section 26. *Additional Comments, A. IRC 436,* for additional information on IRC Section 436 prohibitions.

*Career Transition Program and Salaried Retirement Incentive Program Benefit Increases*

The last Career Transition Program or Salaried Retirement Incentive Program that provided retirement incentives to Delphi employees was more than 5 years before DOPT. Therefore, no Career Transition Program or Salaried Retirement Incentive Program benefits were subject to phase-in limitations.

## 16. Majority Owner Limitation

The auditor did not identify any majority owners.

## 17. Asset Allocation

Employee contributions were required to participate in Part B of the plan; therefore, there were PC2 liabilities.

A participant's PC3 benefit could exceed the participant's guaranteed benefit. The plan changed the Part A benefit rate from $48.50 to $49.55 and the Part B Supplementary compensation level from $4,850 to $4,955 effective October 1, 2004. Under this change, a participant's Part A benefit increases and Part B Supplementary benefit decreases. The total accrued benefit of any participant could never decrease because the increase to a participant's Part A benefit is always greater than or equal to the decrease in the participant's Part B Supplementary benefit. For the purposes of calculating PC3 benefits, we used the Part A benefit rate of $48.50 and the Part B Supplementary compensation level of $4,850 from the benefit provisions of the 5-year-old plan (see Image Viewer Doc. #403778570).

We calculated PC5 liabilities as a result of vested benefits in excess of Accrued-at-Normal limitations, MGB limitations, and phase-in limitations.

We calculated PC6 liabilities as a result of non-vested liabilities and the Part C lump sum death benefit in excess of the Part C QPSA.

Assets covered priority category liabilities in the following percentages:

| Priority Category | Liabilities | Assets | Percent Covered by Assets |
|---|---|---|---|
| PC2 | $129,488,190 | $129,488,190 | 100% |
| PC3 | $2,865,947,654 | $2,383,546,358 | 83.1678% |
| PC4 | $1,177,313,357 | $0 | 0% |
| PC5 | $357,565,885 | $0 | 0% |
| PC6 | $63,759 | $0 | 0% |
| Total | $4,530,378,845 | $2,513,034,548 | -- |

A total of 1,122 retirees and deferred vested participants received PC3 allocated benefits greater than their guaranteed benefits. See Appendix Z for a list of these participants. All of these participants also received benefits from the 4022(c) allocation (see below).

## 18. 4022(c) Allocation

The total Unfunded Non-Guaranteed Benefits (UNGB) were $521,525,998. Of this amount, we valued $163,896,354 in PC3 as a result of AAN and MGB limitations, $357,565,885 in PC5 as a result of the AAN, MGB, and phase-in limitations, and $63,759 in PC6 as a result of non-vested liabilities and the Part C lump sum death benefit in excess of the Part C QPSA.

PBGC issued the Notice of Determination (NOD) on July 20, 2009. Because this occurred after December 17, 1990, and UNGB exceeded $20 million, we consider this a NON-SPARR Plan for 4022(c) benefit amounts. The PBGC recovered $155,298,056 for employer liability in this plan (see *Recovery Valuation and Allocation Memorandum for Delphi Corp*, Dated November 6, 2014, Image Viewer Doc. #403671629 and the CMS Recovery Valuation screen). The total UBL for this plan is $2,017,344,297. The Actual Recovery Ratio, which is equal to the value of PBGC's recovery divided by the total UBL, is 7.70% (see the e-mail dated September 25, 2015 from OCC, Image Viewer Doc. #404771252).

The 4022(c) amount is $40,157,548. We used the entire amount to increase the benefits of participants with UNGB in PC3. The 4022(c) amount funds 24.5018% of the PC3 UNGB.

There were 1,122 participants who received benefits from both the PC3 asset allocation and the 4022(c) allocation (see Appendix Z). There were 2,229 participants who received benefits from only the 4022(c) allocation (see Appendix AA).

## 19. Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability

*Pre-DOPT Retiree Benefit Changes*

Application of the $5/5% Tolerance Range

We tested the benefits of the 7,606 retirees and 318 beneficiaries in pay on DOPT.

There are 6,971 retirees and 272 beneficiaries (7,243 payees in total) for whom the difference between our calculated benefit and the benefit in pay status is within the $5/5% tolerance range and for whom there were no systematic or administrative errors in the plan administrator's calculation of their benefits. We accepted the benefit in pay for these 7,243 payees.

There are 140 retirees and 11 beneficiaries (151 payees in total) for whom the difference between our calculated benefit and the benefit in pay status is outside the $5/5% tolerance range and for whom we did not have the plan administrator benefit calculation and cannot determine the reason for the difference. We accepted the benefit in pay for these 151 payees.

There are 116 alternate payees in pay. Please see Section 24. *Qualified Domestic Relations Orders (QDROs)* for the discussion of how we valued the benefits of alternate payees in pay.

Systematic Errors

During our analysis of the benefits in pay at DOPT, we identified 326 payees with a systematic plan administrator error due to the failure of the plan administrator to credit participants with the ERISA minimum benefit attributable to employee contributions determined at the date of an in-service withdrawal described in Section 11, *Benefit/Plan Document Interpretations of Note*, subsection *H. Withdrawal of Employee Contributions*. We changed the benefits of these payees.

Non-systematic and Administrative Errors

We identified 53 non-systematic plan administrator errors during our analysis of the benefits in pay at DOPT. These errors affect the benefits of 233 payees in pay on DOPT. We changed the benefits of these retirees, beneficiaries, and alternate payees. The table below shows a general description of the different errors and the number of occurrences of each error. Twenty four payees in the table below are also affected by the systematic error described in the previous paragraph. These payees are identified with "ERISA minimum benefit applies at in-service employee contributions withdrawal" as the last portion of the error description comment.

| Error Description | Number of Occurrences |
|---|---|
| Not eligible for Part A increase at age 62 and one month | 45 |
| Part A benefit did not pop-up upon spouse's death | 46 |
| Benefit did not increase at age 62 and one month | 28 |
| Part A Benefit not reduced for survivor coverage | 22 |
| Part B credited service calculated as if no withdrawal; ERISA minimum benefit applies at in-service employee contributions withdrawal | 12 |
| Employee contribution withdrawn after divested date should be treated as out-of-service withdrawals | 5 |
| Benefit did not increase at age 62 and one month; pre-62 Part A benefit calculated as if no increase at age 62 and one month | 5 |
| Participant benefit at retirement date not reduced by amount payable to Alternate Payee | 4 |
| Benefit in pay not reduced for Joint and Survivor coverage | 4 |
| Canada Foreign Offset not applied | 3 |
| Not eligible for supplement because participant is receiving Social Security Disability | 4 |
| Part B survivor benefit calculated using incorrect QPSA survivor percentage (65.5% rather than 65.3%) for active employee (see Section 8., *Part B*, Part B Plan QPSA for Active Employees Participating in Part B at the Date of Death | 2 |
| Fidelity offset weekly workers compensation rather than monthly workers compensation | 2 |
| Alternate Payee died before DOPT; Participant's benefit was not restored to full amount and Part A was not popped up | 2 |
| Benefit did not reduce to Joint and Survivor amount at age 55 | 1 |
| Not eligible for 30-Year retirement | 2 |
| Alternate Payee's share of supplement not subtracted from Participant's supplement | 2 |
| Part B benefits in pay not reduced for Joint and Survivor coverage | 2 |
| Part A survivor benefit should have started first of the month following participant's 55th birthday; Part A in pay uses incorrect benefit rate | 1 |

| Error Description | Number of Occurrences |
|---|---|
| Part B Supplementary benefit is being paid twice - in both Part B Supplementary field and early retirement supplement field | 1 |
| Transfer from PHI - Delphi benefit should be calculated using only Delphi credited service | 1 |
| Part A survivor benefit calculated using incorrect Joint and survivor percentage (50% rather than 65%) | 8 |
| Part A survivor benefit calculated using Part B credited service; employee contributions withdrawn after divested date should be treated as out-of-service withdrawals; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Employee contribution withdrawn after DOTE should be treated as out-of-service withdrawal | 1 |
| Plan Administrator initiated recovery should have ended before DOPT; Part B benefits in pay calculated using 30-Year rather than Window early retirement factor | 1 |
| T&PD Age 55 re-election before DOPT | 1 |
| Employee contribution withdrawn after divested date should be treated as out-of-service withdrawal; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Part A benefit did not pop-up upon spouse's death; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| IRS levy does not apply to Early Retirement Supplement after DOPT; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Part B CS calculated as if no withdrawal; Part A Benefit did not increase at age 62 and one month; pre-62 Part A benefit calculated as if no increase at age 62 and one month; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Benefit did not increase at age 62 and one month; pre-62 Part A benefit calculated as if no increase at age 62 and one month; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Plan Administrator form conversion factor = 0.945, calculated form conversion factor = 0.950; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Plan Administrator did not apply 70% Final Base Pay limit; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Plan Administrator early retirement factor = 0.618, calculated ERF = 0.622; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Fidelity's estimated withholding for Alternate Payee benefit while Domestic Relations Order was being qualified was incorrect | 1 |
| Participant and Alternate Payee benefits in pay are greater than the total benefit for post-retirement shared payment | 1 |
| Participant's Part A and Early Retirement Supplement not reduced for Qualified Domestic Relations Order | 1 |
| Alternate Payee's share of Part A 62&1 increase not paid to either P or Alternate Payee | 1 |
| Part A Benefit did not increase at age 62 and one month; Part B Primary benefit not offset for portion payable to Alternate Payee | 1 |
| Alternate Payee's survivor benefit not in pay on DOPT | 1 |
| Incorrect marital fraction used to put Alternate Payee into pay (used marital fraction from an estimate for a 2012 retirement date) | 1 |
| Fidelity stopped paying Part B Supplementary when Part A started at Participant's age 55 | 1 |
| Fidelity did not pay Part B Supplementary benefit | 1 |
| Interim supplement incorrect per Fidelity | 1 |
| Plan Administrator used deferred vested early retirement factor rather than 30-Year early retirement | 1 |

| Error Description | Number of Occurrences |
|---|---|
| factor | |
| Plan Administrator early retirement factor = 0.771, calculated early retirement factor = 0.580; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Part A benefit did not increase after spouse waived survivor coverage upon divorce | 1 |
| QDRO and ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Part A benefit did not increase at age 62 and one month; Part B Primary benefit not reduced for early retirement | 1 |
| Part A benefit did not increase at age 62 and one month; Part B Primary benefit not reduced for survivor cost | 1 |
| Part A Benefit not reduced for survivor coverage; ERISA minimum benefit applies at in-service employee contributions withdrawal | 1 |
| Part B benefit should not have popped-up at spouse's death | 1 |
| ERF Part B benefits and Early Retirement Supplement incorrect per Fidelity | 1 |

Please see Appendix AB for a list of the 535 payees whose benefits were changed for the systematic and non-systematic errors noted above.

Reconciliation of Current Monthly Benefits

There are 1,934 retirees and beneficiaries whose current monthly benefit will increase. Please see Appendix AC for more information.

There are 149 retirees and beneficiaries whose current monthly benefit will decrease. Please see Appendix AD for more information.

Only participants who are receiving a benefit determination statement from the BSRS program are included in the counts above. Participants with a manual statement are not included.

*Pre-Termination Plan Liability*

The pre-termination plan liabilities for 401 retirees, 31 beneficiaries and three alternate payees are shown in Appendix AE. Because assets cover these amounts, the participants will receive their full pre-termination plan liability.

The total pre-termination plan liability is $2,295,675.59.

*Plan Administrator Recoupments that Continue after DOPT*

There are 18 retirees and one beneficiary with plan administrator initiated recoupments in place at DOPT for benefit overpayments that occurred before DOPT. See Appendix AF for a list of these participants.

Many of the recoupments were for participants who received an Early Retirement or Interim supplement when they were put into pay by Delphi but began receiving Social Security Disability Insurance Benefits after retirement. Delphi did not immediately offset the Early Retirement or Interim supplement by the plan Temporary supplement, as required by the plan (see Section 5. *Plan Benefit Formula Summary*, Subsection *Part A Supplements*) resulting in an overpayment. Delphi notified the participant before DOPT by letter that overpayments as a result of this error were subject to recoupment and started the recoupment of the overpayment before DOPT. However, in some cases Delphi notified the participant *after* DOPT by letter that overpayments as a result of this error were subject to recoupment (see Image Viewer Doc # 219663860 for [redacted] as an example). For some participants there is no information that Delphi notified the participant at all about any overpayment. For example there is no information on Image Viewer that [redacted] was notified by Delphi about overpayments. Delphi retirement application forms explicitly state that overpayments as a result of the receipt of Social Security Disability Insurance Benefits are subject to recoupment (for example see Image Viewer Doc # 220336533 for [redacted]. OPSS determined that the Delphi retirement application form served as a recoupment notice to participants. PBGC will recoup the pre-DOPT overpayments to participants due to the receipt of Social Security Disability Insurance Benefits after retirement according to the plan administrator's recoupment schedule (see Image Viewer Doc #404497027).

## 20. Post-DOPT Retirees

As of March 1, 2015, there are 1,157 participants and deferred beneficiaries who retired after DOTR[2].

The current monthly benefits for 540 post-DOTR retirees and beneficiaries will not change because each is exactly correct. See Appendix AG for a list of these payees.

The current monthly benefits for 104 post-DOTR retirees and beneficiaries will not change because each is not exactly correct but within administrative tolerance. See Appendix AH for a list of these payees.

The current monthly benefit for 443 post-DOTR retirees and beneficiaries will increase. See Appendix AI for a list of these payees and the reason for the benefit increase.

The current monthly benefit for 70 post-DOTR retirees and beneficiaries will decrease. See Appendix AJ for a list of these payees and the reason for the benefit decrease.

[2] We are only including participants who are receiving a benefit determination statement from the BSRS program. Participants with a manual statement are not included at this time.

## 21. Estimated Lump Sums paid Post-DOPT

*Estimated Lump Sums Paid Post-DOPT but Pre-DOTR*

No lump sum payments were paid by the prior plan administrator prior to DOTR.

*Estimated Lump Sums Paid Post-DOTR*

As of June 1, 2015, no estimated lump sum payments have been paid after DOTR by PBGC.

## 22. Estimated Benefit Adjustments

Estimated benefit adjustments were made on the benefits of 3,725 participants, 13 beneficiaries, and 107 alternate payees. The benefits were adjusted due to the MGB limitation, the Accrued-at-Normal limitation, or both. The PC3 4044 allocation ratio used for estimated benefit adjustments was 70%. The Estimated Benefit Adjustment Memos and accompanying attachments are located in Section 9C of Image Viewer (Image Viewer Doc, #221737080). See also Section 19, *Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability*, and Section 20, *Post-DOPT Retirees*, for more information.

## 23. Post-Normal Retirement Date Benefits

The following 37 participants reached their Normal Retirement Date before DOPT and had not retired as of DOPT, July 31, 2009:

| No. | Participant Name | Participant SSN | Normal Retirement Date | Required Beginning Date | Actual Retirement Date |
|---|---|---|---|---|---|
| 1 | [redacted] | [redacted] | 11/01/2007 | 04/01/2014 | 10/01/2009 |
| 2 | [redacted] | [redacted] | 12/01/2008 | 04/01/2015 | 02/01/2015 |
| 3 | [redacted] | [redacted] | 12/01/2008 | 04/01/2015 | 01/01/2011 |
| 4 | [redacted] | [redacted] | 12/01/2000 | 08/01/2009 | 08/01/2009 |
| 5 | [redacted] | [redacted] | 11/01/2006 | 04/01/2013 | 04/01/2013 |
| 6 | [redacted] | [redacted] | 05/01/2005 | 04/01/2011 | 12/01/2010 |
| 7 | [redacted] | [redacted] | 10/01/2007 | 04/01/2014 | Not in Pay |
| 8 | [redacted] | [redacted] | 01/01/2009 | 04/01/2015 | 09/01/2009 |
| 9 | [redacted] | [redacted] | 11/01/2006 | 04/01/2013 | 11/01/2009 |
| 10 | [redacted] | [redacted] | 08/01/1998 | 04/01/2010 | 04/01/2010 |
| 11 | [redacted] | [redacted] | 08/01/2008 | 04/01/2015 | 10/01/2012 |
| 12 | [redacted] | [redacted] | 07/01/2009 | 04/01/2015 | 11/01/2009 |
| 13 | [redacted] | [redacted] | 01/01/2008 | 04/01/2014 | 10/01/2009 |
| 14 | [redacted] | [redacted] | 07/01/2009 | 04/01/2015 | 08/01/2009 |
| 15 | [redacted] | [redacted] | 03/01/2009 | 04/01/2015 | 09/01/2009 |
| 16 | [redacted] | [redacted] | 07/01/2008 | 04/01/2014 | 12/01/2009 |
| 17 | [redacted] | [redacted] | 10/01/1999 | 08/01/2009 | 08/01/2009 |
| 18 | [redacted] | [redacted] | 12/01/2008 | 04/01/2015 | Not in Pay |

| No. | Participant Name | Participant SSN | Normal Retirement Date | Required Beginning Date | Actual Retirement Date |
|---|---|---|---|---|---|
| 19 | [redacted] | | 09/01/2006 | 04/01/2013 | 11/01/2009 |
| 20 | | | 06/01/2007 | 04/01/2013 | 11/01/2009 |
| 21 | | | 10/01/2008 | 04/01/2015 | 01/01/2012 |
| 22 | | | 12/01/2006 | 04/01/2013 | Not in Pay |
| 23 | | | 05/01/2007 | 04/01/2013 | 11/01/2012 |
| 24 | | | 01/01/2008 | 04/01/2014 | 11/01/2009 |
| 25 | | | 06/01/2001 | 08/01/2009 | 08/01/2009 |
| 26 | | | 07/01/2009 | 04/01/2015 | 08/01/2009 |
| 27 | | | 09/01/2008 | 04/01/2015 | 10/01/2009 |
| 28 | | | 11/01/2008 | 04/01/2015 | 07/01/2012 |
| 29 | | | 04/01/2005 | 04/01/2011 | 08/01/2009 |
| 30 | | | 09/01/2007 | 04/01/2014 | 03/01/2012 |
| 31 | | | 12/01/2004 | 04/01/2011 | 10/01/2009 |
| 32 | | | 12/01/2007 | 04/01/2014 | 12/01/2009 |
| 33 | | | 01/01/2007 | 04/01/2013 | 09/01/2010 |
| 34 | | | 11/01/2008 | 04/01/2015 | 08/01/2009 |
| 35 | | | 02/01/2007 | 04/01/2013 | 10/01/2009 |
| 36 | | | 10/01/2008 | 04/01/2015 | 08/01/2009 |
| 37 | | | 06/01/2008 | 04/01/2014 | 11/01/2009 |

## 24. Qualified Domestic Relations Orders (QDROs)

*QDRO population as of March 1, 2015*

There are 637 participants and beneficiaries with QDROs. The following table shows a breakdown of the participant QDRO population:

| Description | Count |
|---|---|
| Participants in Pay on DOPT | 352 |
| Participants Not in Pay on DOPT | 279 |
| Beneficiaries in Pay on DOPT | 6 |
| Total Participants and Beneficiaries with QDROs | 637 |

There are 652 alternate payees with QDROs. Of these 652, there are 120 alternate payees included in the valuation with separate benefit liabilities, and 532 alternate payees associated with participants such that they do not have separate alternate payee records in the valuation database. The 532 includes 305 alternate payees whose data is not included in the valuation database, because they were not in pay at DOPT and we did not have the data to include them in the database when it was constructed. The following table shows a breakdown of the alternate payee population:

| Description | Count |
|---|---|
| Alternate Payees in Pay on DOPT valued Separately on DOPT | 116 |
| Deferred Alternate Payees valued Separately on DOPT | 4 |
| Alternate Payees in Pay at DOPT and Valued with | 227 |

| Description | Count |
|---|---|
| Participant Liability* | |
| Alternate Payees not in Valuation Database | 305 |
| Total Alternate Payees Subject to a QDRO | 652 |

*See *Valuation Assumptions for Liabilities* section below

Please see Appendix AK for a list of the 651 participants and beneficiaries with the associated alternate payees.

The difference between the participant count (637) and the alternate payee count (652) is because one participant, [redacted] is identified as having two QDROs associated with his benefit. One of the alternate payees, [redacted] is included in the database while the other alternate payee, [redacted] is not included in the database. Additionally there are 14 participants with a QDRO associated with their benefits who are not included in the valuation database because they died before DOPT (12 participants), received a lump sum for their entire benefit before DOPT (1 participant), or their entire benefit is paid through a purchased annuity (1 participant).

*Valuation Assumptions for Liabilities*

Due to the large number of QDROs as well as the complexities associated with each QDRO, we used several assumptions to calculate liabilities for participants and alternate payees in the valuation. ASD agreed with the outline below for valuing QDROs in the valuation (see e-mail dated December 23, 2013, Image Viewer Doc. #403732251).

For purposes of this Section 24, "P" indicates "participant" and "AP" indicates "alternate payee."

Our assumptions are detailed as follows:

- If the P and/or the AP were in pay on DOPT, then:
  1. We accepted the plan benefits in pay on DOPT;
  2. We used the benefits in pay on DOPT and our calculated plan early retirement factors (ERF), late retirement factors (LRF), benefit form conversion factors (BFCF), and age adjustment factors to derive an associated AP%;
  3. We assigned the resulting AP% to the AP's MGB and to the AP's PC3 benefit; and
  4. If the P was married at date of retirement (DOR), we assumed the spouse is entitled to all of the survivor benefit. Otherwise, if the AP is entitled to a survivor benefit and there is no current spouse, then we assumed the AP is entitled to all of the survivor benefit.

- If neither the P nor the AP was in pay on DOPT, we valued the entire benefit on the P's life and ignored the QDRO.
- We included the AP in the load calculation only if the QDRO was a separate interest and either the P or the AP or both were in pay on DOPT, or if the QDRO was a shared payment and the P was deceased as of DOPT.

Details of the Valuation Calculations

The following outline shows how the valuation assumptions noted above were applied for purposes of the valuation:

1) Separate Interest QDROs

A. Neither P nor AP in pay on DOPT – we valued only the P's benefit and as if there was no QDRO

B. Either P or AP but not both in pay on DOPT – we accepted the benefit in pay on DOPT. We calculated the plan ERF, BFCF, and/or age adjustment factor and used them to derive the associated accrued monthly benefit (AMB) assigned to the person in pay. Since the total AMB equals sum of the P's AMB and the AP's AMB, the portion of the benefit assigned to the AP was AP AMB / total AMB = AP%. We assumed the AP was entitled to AP% of the PC3 benefit. If the P was married at DOR / XRD, we assumed the spouse receives all of the survivor benefit. If the AP is entitled to a survivor benefit and there is no current spouse, then we assumed the AP receives all of the survivor benefit.

C. Both P and AP in pay on DOPT – we accepted the benefits in pay on DOPT. We calculated the plan ERF, BFCF, and/or age adjustment factor applied to the AP's benefit and derived the associated AMB assigned to the AP. The portion of the total AMB assigned to the AP was AP AMB / total AMB = AP%. We assumed the AP is entitled to AP% of the PC3 benefit. If the P was married at DOR, we assumed the spouse receives all of the survivor benefit. If the AP is entitled to a survivor benefit and there is no current spouse, then we assumed the AP receives all of the survivor benefit.

2) Shared Payment QDROs

A. Pre-DOPT QDROs

a) Both P and AP in pay on DOPT:

i. Pre-retirement QDRO – we accepted and summed the benefits in pay on DOPT and valued the sum in the form elected at the P's DOR. If the P was married at DOR, we assumed the spouse receives all of the survivor benefit. If the AP is entitled to a survivor benefit and there is no current spouse, then we assumed the AP receives all of the survivor benefit.

ii. Post-retirement QDRO – we accepted and summed the benefits in pay on DOPT and valued the sum in the form elected at the P's DOR. If the AP is entitled to a survivor benefit, then we assumed the AP receives all of the survivor benefit. Note that the plan allowed for post-retirement form changes that we ignored post-DOPT for valuation purposes.

b) Either P or AP but not both in pay on DOPT:

i. If the AP died before DOPT, then we assigned the entire benefit to the P.

ii. If the AP is in pay on DOPT and the P is alive and not in pay, then we valued the benefits like a separate interest QDRO payable over the P's lifetime.

iii. If the AP is in pay on DOPT and the P died before DOPT, then:
   1. If both an AP and a beneficiary were in pay on DOPT, we calculated the plan ERF and BFCF, applied them to the AP's benefit, and derived an associated AMB assigned to the AP. The portion of the benefit assigned to the AP is AP AMB / AMB = AP%. We assumed the AP is entitled to AP% of the PC3 benefit.
   2. If there is only an AP in pay on DOPT, then we valued the AP as a beneficiary.

c) Neither P nor AP in pay on DOPT – we valued only the P as if there was no QDRO.

B. Post-DOPT QDROs – we valued the benefit in pay on DOPT as if there was no QDRO.

In summary, for all QDROs where either the Participant or the Alternate Payee was in pay status on DOPT, we used the benefit amounts as provided by the prior plan administrator and adjusted for PBGC limitations for purposes of the valuation. If neither the Participant nor the Alternate Payee was in pay on DOPT, we valued only the Participant's benefit as if there was no QDRO. We did not attempt to recalculate the Participant and Alternate Payee benefits in pay on DOPT. After the valuation is completed, each record with a QDRO associated to the benefit will be reviewed individually for application of the $5/5% tolerance, systematic errors, and plan administrator errors.

## 25. Benefit Statement and Recalculation System (BSRS)

*Current Date for BSRS*

The valuation database was last updated on March 1, 2015. The "current date" for BSRS purposes is December 1, 2015.

*Number of Benefit Determination Statements Produced – Non QDRO*

| Group | Number of BSRS Statements | Number of Manual Statements | Number without Statements | Total |
|---|---|---|---|---|
| Retirees and Beneficiaries | 4,015 | 50 | 3,501 | 7,566 |
| Separated Vesteds | 3,678 | 31 | 0 | 3,709 |
| Active Vesteds | 7,359 | 542 | 0 | 7,901 |
| Non-Vesteds | 0 | 0 | 0 | 0 |
| Total | 15,052 | 623 | 3,501 | 19,176 |

Retirees and beneficiaries receive benefit determination statements because of changes to their current benefits in pay due to the 4044 and 4022(c) allocations and/or the correction of plan administrator errors described in Section 19. *Pre-DOPT Retiree Benefit Changes / Pre-Termination Plan Liability.*

The benefit determination statements for 623 participants not affected by a QDRO are manual statements. Of these 623 participants, 524 have manual statements because they are entitled to retroactive retirement dates (see Section 26. *Additional Comments*, subsection *D. Retroactive Annuity Starting Dates*) and 34 have manual statements because of working retirement issues (see

Section 26. *Additional Comments*, subsection *J. Working Retirement Violations*). The remaining 65 have manual statements for various reasons shown on Appendix AL. Please see Appendix AL for a list of the 623 participants with manual statements.

*Former Hughes Employees with Hughes Benefit Paid by Raytheon*

If a participant listed in Appendix J provides PBGC with a Hughes benefit statement from Raytheon showing the Hughes employer provided benefit at the participant's date of retirement then the alternate calculation described in Section 9. *Offsets to Plan Benefits*, subsection *Hughes Benefit Offset for Former Hughes Employees with Hughes Benefit Paid by Raytheon* will be done manually by ASD. Please send requests for these calculations to the actuary.

*QDRO Benefit Statements*

The benefit statements for 637 participants and beneficiaries and 652 alternate payees who are affected by a QDRO are manual statements. After the valuation is completed, each record with a QDRO associated to the benefit will be reviewed individually and, if necessary, a benefit determination statement will be produced. Please see Appendix AK for a list of these participants.

| Description | Count |
|---|---|
| QDRO possible Participants and Beneficiaries Manual Statements | 637 |
| QDRO possible Alternate Payee Manual Statements | 652 |
| Total possible QDRO Statements | 1,289[3] |

*Additional Guidance Needed for the BSRS*

Benefit calculations are not shown on benefit determination statements, except for Part C benefits. If a participant requests to see the calculation for a benefit shown on the participant's benefit determination statement, a worksheet can be obtained through the BSRS recalculation program.

*Description of Retirement Types on Benefit Determination Statements*

The retirement types shown on PBGC benefit determination statements are the same as those used by Delphi plan administrators. Below is a table that lists the different retirement types.

| Delphi Retirement Type | Description |
|---|---|
| Age 70 1/2 Minimum Distribution | Retiree in pay at DOPT who reached their required beginning date |
| Death Of An Employee - Svr Benefit | Beneficiary in pay at DOPT who is receiving QPSA benefit |
| Mutually Satisfactory Retirement | Participant met the requirements for Mutually Satisfactory Retirement, See Section 15. *Phase-in Limitation*, Subsection *Mutually Satisfactory Retirement Benefit Increase* |

[3] The difference between the total count from the two tables above of 20,465 (19,176 + 1,289) and the valuation database count of 20,160 is the 305 alternate payees not included in the valuation database.

| Delphi Retirement Type | Description |
|---|---|
| Non Vested | Participant is not vested |
| Normal - Age 65 and Older | Participant is Age 65 or older at retirement but not Age 70 ½ Minimum Distribution Type |
| Separation With Vested Benefit | Vested participant not eligible to retire under any other retirement type |
| Special Retirement | Special retirement provided to participant by Delphi |
| Total And Permanent Disability | Participant met the requirements for plan disability benefits, See Section 5 *Plan Benefit Formula Summary*, Subsection *Disability Benefits (Part A and Part B)* and Section 11. *Benefit / Plan Document Interpretations of Note*, Subsection *E. Post-Disability Benefit Eligibility* |
| Vest Comm Serv Lost 10 - 76 & Latr | Vested participant not eligible to retire under any other retirement type |
| Voluntary - 30 Years Or More | Participant met the requirements for 30-Year Retirement, See Section 6. *Normal, Early, and Late Retirement Dates*, Subsection *Early Unreduced Retirement (Part A and Part B)* |
| Voluntary - Age 55 to 60 Not 85 Pt | Participant met the requirements for 55/10 Retirement, See Section 6. *Normal, Early, and Late Retirement Dates*, Subsection *Early Retirement (Part A and Part B)* |
| Voluntary - Age 55 to 62 - 85 Points | Participant met the requirements for 85-Point Retirement, See Section 6. *Normal, Early, and Late Retirement Dates*, Subsection *Early Unreduced Retirement (Part A and Part B)* |
| Voluntary - Age 60 to 65 | Participant met the requirements for 60/10 Retirement, See Section 6. *Normal, Early, and Late Retirement Dates*, Subsection *Early Unreduced Retirement (Part A and Part B)* |
| Window Retirement Age 53 to 62 | Pre-DOPT retiree who retired under Plan Age 53 to 62 Window Retirement |
| Window Retirement with 85 Points | Pre-DOPT retiree who retired under Plan 85 Points Window Retirement |

Part A, Part B, and Part C Separate Retirement Dates and Forms of Annuity

The plan does not require that participants choose the same date of retirement for Part A, Part B, and Part C benefits. The BSRS will only calculate Part A, Part B, and Part C benefits on the same retirement date and in the single or married form of annuity. If any participant asks to receive Part A, Part B, and Part C benefits on separate dates of retirement or with different annuity forms, the calculation will have to be done manually by ASD. If the participant's benefits are affected by PBGC's limitations, the benefit calculation could have unusual complexities.

Retirees in Pay with Auxiliary Disability Benefits

The 49 retirees listed in Appendix E must elect a form of annuity for their retirement date on the first of the month coincident with or next following their 55$^{th}$ birthday. The BSRS will produce a benefit recalculation and a PBGC optional form of annuity worksheet for these participants. The FBA must enter the first of the month coincident with or next following the participant's 55$^{th}$ birthday in the field labeled "Age 55 Retirement Date" on the data entry screen. The BSRS will not produce a benefit worksheet for these participants. Any participant requests for a benefit worksheet must be sent to the actuary.

To produce a benefit recalculation for the Age 55 retirement benefit:

1. Enter the Age 55 date of retirement in the "Age 55 Disability Retirement Date" field on the Participant Data Entry screen

2. Select "Change Data" on the "Actual ARD Data in Database" screen
3. Enter the Age 55 date of retirement in the "Actual Retirement Date" field on the "Additional Data Needed for Recalculation at ARD" screen
4. Enter the spouse and/or non-spouse beneficiary information on the "Additional Data Needed for Recalculation at ARD" screen

The surviving spouse of a retiree who dies before retirement benefits commence (age 55) is entitled to a QPSA. The BSRS is not programmed to calculate the QPSA benefits for retirees who were receiving an auxiliary disability benefit on DOPT. Please send requests for these calculations to the actuary.

Retirees in Pay with Deferred Part B Benefits

The eight retirees in pay listed in Appendix V are in pay for their Part A benefits (and in some cases supplements) and have deferred Part B benefits. The benefit determination statement shows the Part A benefits payable until the Part B retirement date and the Part B benefit payable at normal retirement date, earliest unreduced retirement date, and earliest retirement date.

To produce a benefit recalculation for the Part B benefit:

1. Enter the Part B date of retirement in the "Part A DOR for Benes / Part B DOR for Rets" field on the Participant Data Entry screen
2. Select "Change Data" on the "Actual ARD Data in Database" screen
3. Enter the Part B date of retirement in the "Actual Retirement Date" field on the "Additional Data Needed for Recalculation at ARD" screen
4. Enter the spouse and/or non-spouse beneficiary information on the "Additional Data Needed for Recalculation at ARD" screen

The surviving spouse of a retiree who dies before Part B benefits commence is entitled to a Part B QPSA. The BSRS is not programmed to calculate Part B QPSA benefits for retirees who deferred payment of the Part B benefit. Please send requests for these calculations to the actuary.

Beneficiaries in Pay with Deferred Part A Benefits

The 52 beneficiaries in pay listed in Appendix W are in pay for their Part B benefit(s) and have deferred Part A benefits. The earliest retirement date for the Part A benefit is the later of August 1, 2009, and the first of the month coincident with or next following the date the participant would have attained age 55. The benefit determination statement shows the Part B monthly benefit as of DOPT and the Part A monthly benefit payable at the earliest retirement date.

To produce a benefit recalculation for the Part A benefit:

1. Enter the Part A date of retirement in the "Part A DOR for Benes / Part B DOR for Rets" field on the Participant Data Entry screen
2. Select "Change Data" on the "Actual ARD Data in Database" screen

3. Enter the Part A date of retirement in the "Actual Retirement Date" field on the "Additional Data Needed for Recalculation at ARD" screen

Non-Retirees Eligible for Total and Permanent Disability Retirement

Of the 26 non-retirees that PBGC determined were eligible for T&PD benefits discussed in Section 11. *Benefit / Plan Document Interpretations of Note*, subsection *E. Post-DOPT Disability Benefit Eligibility*, 11 were younger than age 55 at DOPT. Their benefit determination statements show the auxiliary benefit payable until age 55 then the retirement benefit payable at age 55 as a straight life annuity. Four of these non-retirees receive a benefit determination statement through the BSRS. Seven of these non-retirees receive manual benefit determination statements.

These non-retirees are required to elect a retirement benefit on the first of the month coincident with or next following their 55th birthday. The BSRS is not able to recalculate the benefit of these participants at their age 55 retirement date. Please send requests for these age 55 calculations to the actuary.

The following table lists the 11 non-retirees younger than age 55 at DOPT who are eligible to begin receiving an auxiliary disability benefit on DOPT:

| No. | Participant Name | Participant SSN | Benefit Determination Statement | Age 55 Benefit Recalculation |
|---|---|---|---|---|
| 1 | [redacted] | | Manual | Manual |
| 2 | | | BSRS | Manual |
| 3 | | | Manual | Manual |
| 4 | | | BSRS | Manual |
| 5 | | | BSRS | Manual |
| 6 | | | Manual | Manual |
| 7 | | | Manual | Manual |
| 8 | | | Manual | Manual |
| 9 | | | BSRS | Manual |
| 10 | | | Manual | Manual |
| 11 | | | Manual | Manual |

Non-Disability Retirees with Form of Annuity Election at Age 55

Section 10. *Forms of Annuity*, subsection *Future Benefit Changes, C. 50% Spouse Coverage for Non-Disability retirement before Age 55*, lists the 9 non-disabled retirees who are required to elect a form of annuity at their age 55 retirement date. All of these retirees receive manual benefit determination statements. The BSRS is not able to recalculate the benefit of these participants at age 55. Please send requests for these age 55 calculations to the actuary.

## 26. Additional Comments

*A. IRC 436*

There are no IRC 436 limitations impacting benefits in this plan. See Image Viewer Docs. #221737080 and #403732245 in Section 9C on Image Viewer for the preliminary 436 Evaluation and the OPSS Section 436 Evaluation.

*B. Bankruptcy Petition Date (BPD)*

There are no BPD issues in this plan since the most recent BPD occurred prior to September 16, 2006.

*C. Grow-In Liabilities*

DISC determined that the probability of Delphi surviving until 5 years after DOPT is 0% (Image Viewer Doc. #403732252). Therefore, there are no grow-in liabilities for active Delphi participants at DOPT.

GM/Delphi made a number of divestitures and asset sales prior to DOPT. See Section 4 *Divestiture, Sale and Asset Purchase Agreements* and Section 5 *Benefit Provisions Pertaining to Divestitures* for more information about these events. A participant's service with the acquiring company after the divestiture or sale date sometimes counted under the Delphi plan for purposes of vesting and benefit eligibility, and Delphi assumed the grow-in benefit liability for this post-acquisition service. Some of the participants involved were actively employed with acquiring companies that were still ongoing as of DOPT. Consequently, some minimal PC6 grow-in liability exists for these participants with respect to their post-DOPT service.

We ignored this grow-in liability in the valuation of the Delphi Retirement Program for Salaried Employees plan. We believe that no participant's benefit is materially affected by this approach for the following reasons:

1. Assets are exhausted in PC3; therefore, they do not extend into PC6.
2. This is a Non-SPARR plan. While any increase in benefit liabilities would increase the plan's UBLs, it would also decrease the actual recovery ratio to which UBL is applied in calculating the plan 4022(c) amount.

*D. Retroactive Annuity Starting Dates*

PBGC Policy 5.2-4, *Annuity Starting Dates*, Section D. 4., requires PBGC to offer participants a retroactive annuity starting date before the BSRS current date or the participant's actual retirement date if the participant is eligible for a plan-provided, unreduced early retirement benefit that is not reduced by the Title IV limitations. We identified 170 participants eligible for a retroactive annuity starting date because their Delphi early unreduced benefits are not reduced by Title IV limitations. These participants are listed in Appendix AM.

PBGC Policy 5.2-4, *Annuity Starting Dates*, Section D. 5., requires PBGC to offer participants a retroactive annuity starting date before the BSRS current date or the participant's actual retirement date if the participant is eligible for level or substantially level benefits as a result of Title IV limitations and/or asset/4022(c) allocations. We identified 389 participants eligible for a retroactive annuity starting date because of the level Title IV benefits they receive from the PC3 4044 allocation. These participants are listed in Appendix AN.

Participants eligible for a retroactive retirement date under sections D. 4. and/or D. 5. of the *Annuity Starting Dates* policy may elect to receive a retroactive retirement benefit at any time prior to receiving a benefit determination informing the participant of the eligibility for the retroactive benefits. The benefit determination will provide a 90-day window that will be the participant's final opportunity to request an application for the retroactive annuity starting date.

PBGC Policy 5.2-4, *Annuity Starting Dates*, Section D. 7., allows PBGC to offer a QPSA beneficiary a retroactive annuity starting date to the later of the first of the month following a participant's death and the participant's EPRD. The policy notes that retroactive annuity starting dates will not be given if beneficiaries were previously offered the opportunity to commence QPSA benefits. We have evidence that the Delphi plan administrators routinely notified QPSA beneficiaries of their eligibility to receive QPSA benefits (see Image Viewer Doc. #404227811). Therefore, a QPSA beneficiary will not be eligible for retroactive annuity starting dates, unless it is shown that the beneficiary did not receive QPSA benefit eligibility information from the plan administrator.

*E. Participants with Employee Contributions whose Valuation Lump Sum is Less than or Equal to $5,000*

PBGC Policy 5.11-2, *Payment of Priority Category 2 Benefits,* provides that a participant with employee contributions at DOPT whose valuation lump sum is less than or equal to $5,000 may not withdraw employee contributions. The participant may either take the valuation lump sum or the plan annuity (without the withdrawal of employee contributions). There are seven non-retired participants with employee contributions at DOPT whose valuation lump sums are less than or equal to $5,000. The benefit determination statements for these participants do not show plan benefits for the withdrawal of employee contributions because it is not allowed. These participants are listed in the table below.

| No. | Participant Name | Participant SSN | Valuation Lump Sum |
|---|---|---|---|
| 1 | [redacted] | | $844 |
| 2 | | | $4,913 |
| 3 | | | $952 |
| 4 | | | $2,924 |
| 5 | | | $2,470 |
| 6 | | | $1,508 |
| 7 | | | $1,151 |

*F. Payment of Residual Lump Sums for Participants who Withdraw Employee Contributions*

PBGC Policies 5.4-9, *Lump-Sum Benefit Payments* and 5.11-2, *Payment of Priority Category 2 Benefits*, provide that if a participant, not otherwise eligible for a valuation lump sum, withdraws employee contributions and the participant's residual lump sum is less than or equal to $5,000, then the participant may receive the residual lump sum in lieu of an annuity benefit. We calculated the residual lump sum as the value of the employer provided benefit at the participant's expected retirement age using PBGC lump sum rates. There are no participants in the valuation with residual lump sums less than or equal to $5,000.

*G. Single Participants who Died before DOPT with Employee Contributions*

There were three participants who died before DOPT, were vested, were not married, had not retired, and had not withdrawn their employee contributions. We discussed two participants in this situation with ASD. ASD decided to include records for these participants in the valuation (Image Viewer Doc. #403778571). Based on this decision we added a record to the valuation for a third deceased participant who we discovered at a later date. Their estates are entitled to receive interest on their employee contributions from the date of death to DOPT. The participants are shown below.

| No. | Participant Name | Participant SSN | Date of Death | RETSTAT | ID | Dummy CUSNUM |
|---|---|---|---|---|---|---|
| 1 | [redacted] | [redacted] | 08/12/2004 | 2 | 2 | 900-11-0051 |
| 2 | [redacted] | [redacted] | 01/22/2009 | 2 | 2 | 266-86-5888 |
| 3 | [redacted] | [redacted] | 07/07/2003 | 2 | 2 | 900-11-0052 |

*H. Difference Between Cash Balance Benefit Estimation Tool (BET) and Valuation*

When the BET was created in 2010, ASD decided to calculate the cash balance benefits using the greater of the benefit calculated using the plan's (pre-PPA) interest and mortality assumptions in effect on DOPT and the post-PPA interest and mortality as described in PBGC Policy 5.12-2, *Statutory Hybrid Plans - Valuing and Paying Benefits.*

Upon further review, ASD decided that the "greater of" calculation as described above is not appropriate for this plan (see e-mail dated November 14, 2014, Image Viewer Doc. #403733135). We calculated cash balance benefits as described in Section 5, *Plan Benefit Formula Summary.*

*I. Deemed Cash-Out*

Because the plan contains a deemed cash-out provision, plan liabilities do not include benefit accruals for non-vested participants who terminated employment before the plan's DOPT.

*J. Working Retirement Violations*

OCC determined that Delphi employees at DOPT who became employees of "New Delphi" or "New GM" as a result of the October 2009 Delphi asset sales should not be considered employed with a successor employer and, thus, should not be precluded from receiving Delphi benefits from

PBGC, effective November 1, 2009 (see e-mail dated January 15, 2010 from Karen Morris, Image Viewer Doc. #403732253).

We found 38 participants who had not terminated employment from Delphi, were put into pay in the 3 month period after DOPT and before November 1, 2009. These participants were not entitled to retire until November 1, 2009. PBGC decided to recalculate these participants' retirement benefits using a retirement date of November 1, 2009 (see Image Viewer Doc. #404260169). These participants are listed in Appendix AO.

Employees of divestitures with Coordination of Benefits Agreements (see Section 5. *Plan Benefit Formula Summary*, subsection *Benefit Provisions Pertaining to Divestitures*) must terminate employment with the divested unit before receiving an early retirement benefit from PBGC. We found eight participants who had not terminated employment from the divested unit at which they were employed and who were put into pay after DOPT. PBGC decided to take these participants out of pay and inform the participants they may elect retirement only after they either reach Normal Retirement Age or cease employment with the divested unit at which they work (see Image Viewer Doc. #404260169). These participants are listed in Appendix AP.

*K. Withdrawal of Accumulated Employee Contributions with Interest After DOPT*

The number of participants, beneficiaries, or alternate payees who have withdrawn accumulated employee contributions with interest after DOPT as of March 1, 2015 is 1,411 (see Appendix AQ). We compared the amounts withdrawn (user defined field N240 for beneficiaries and alternate payees and N350 for participants) found in the valuation database to the amounts calculated using the final valuation employee contributions with interest at DOPT, net of any employee contributions held by the insurance companies or withdrawn before DOPT, accumulated to the withdrawal date using the interest factor generated by the PACSIIRL add-in function. The PACSIIRL add-in function computes the interest factor for a PBGC lump sum payment made after DOPT. We investigated the difference between the amount paid and our calculated amount that was greater than our administrative tolerance.

The following 28 participants were overpaid by PBGC:

| No. | Participant Name | Participant SSN | Employee Contributions with Interest at DOPT | Withdrawal Date | Employee Contributions Amount Owed at Withdrawal Date | Employee Contributions Amount Paid at Withdrawal Date | Overpayment | Reason |
|---|---|---|---|---|---|---|---|---|
| 1 | [redacted] | [redacted] | $25,629.46 | 04/01/2010 | $26,087.03 | $26,487.60 | $400.57 | 1 |
| 2 | [redacted] | [redacted] | $11,633.37 | 09/01/2010 | $11,966.62 | $19,620.61 | $7,653.99 | 1 |
| 3 | [redacted] | [redacted] | $16,546.42 | 09/01/2009 | $16,584.54 | $16,598.06 | $13.52 | 1 |
| 4 | [redacted] | [redacted] | $5,644.31 | 04/01/2010 | $5,745.08 | $10,698.67 | $4,953.59 | 1 |
| 5 | [redacted] | [redacted] | $11,486.76 | 08/01/2009 | $11,486.76 | $13,815.06 | $2,328.30 | 1 |
| 6 | [redacted] | [redacted] | $44,402.04 | 06/01/2013 | $47,493.63 | $48,177.38 | $683.75 | 3 |
| 7 | [redacted] | [redacted] | $8,736.45 | 09/01/2010 | $8,986.71 | $9,042.90 | $56.19 | 1 |

(b)(6) Applied to All Redactions on This Page

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| No. | Participant Name | Participant SSN | Employee Contributions with Interest at DOPT | Withdrawal Date | Employee Contributions Amount Owed at Withdrawal Date | Employee Contributions Amount Paid at Withdrawal Date | Overpayment | Reason |
|---|---|---|---|---|---|---|---|---|
| 8 | [redacted] | | $944.54 | 08/01/2012 | $1,002.34 | $3,108.24 | $2,105.90 | 2 |
| 9 | | | $14,741.13 | 12/01/2010 | $15,229.43 | $20,852.91 | $5,623.48 | 4 |
| 10 | | | $72,289.41 | 04/01/2010 | $73,580.02 | $89,119.18 | $15,539.16 | 1 |
| 11 | | | $9,237.20 | 07/01/2010 | $9,466.40 | $9,525.57 | $59.17 | 1 |
| 12 | | | $25,916.50 | 09/01/2009 | $25,976.21 | $25,997.38 | $21.17 | 1 |
| 13 | | | $8,429.16 | 08/01/2009 | $8,429.16 | $11,567.94 | $3,138.78 | 1 |
| 14 | | | $9,758.25 | 08/01/2010 | $10,019.76 | $10,051.03 | $31.27 | 1 |
| 15 | | | $6,410.00 | 09/01/2009 | $6,424.77 | $6,430.00 | $5.23 | 1 |
| 16 | | | $36,368.66 | 04/01/2010 | $37,017.96 | $37,133.33 | $115.37 | 1 |
| 17 | | | $797.92 | 12/01/2010 | $824.35 | $12,974.08 | $12,149.73 | 4 |
| 18 | | | $9,845.63 | 08/01/2010 | $10,109.48 | $24,052.96 | $13,943.48 | 1 |
| 19 | | | $28,692.91 | 09/01/2009 | $28,759.02 | $28,782.45 | $23.43 | 1 |
| 20 | | | $4,378.66 | 04/01/2010 | $4,456.83 | $8,037.99 | $3,581.16 | 1 |
| 21 | | | $8,104.87 | 02/01/2011 | $8,397.45 | $8,420.75 | $23.30 | 1 |
| 22 | | | $5,382.66 | 04/01/2010 | $5,478.76 | $16,179.80 | $10,701.04 | 1 |
| 23 | | | $26,916.24 | 09/01/2010 | $27,687.28 | $33,259.86 | $5,572.58 | 1 |
| 24 | | | $16,730.39 | 09/01/2009 | $16,768.94 | $16,782.61 | $13.67 | 1 |
| 25 | | | $162.64 | 08/01/2012 | $172.59 | $729.02 | $556.43 | 2 |
| 26 | | | $10,772.47 | 09/01/2009 | $10,797.29 | $10,806.08 | $8.79 | 1 |
| 27 | | | $0.00 | 09/01/2011 | $0.00 | $10,666.04 | $10,666.04 | 5 |
| 28 | | | $13,772.08 | 09/01/2009 | $13,803.81 | $13,815.06 | $11.25 | 1 |

* In addition to the overpayment of the employee contribution lump sum, these participants' current monthly benefits in pay change.

Reason 1 – Employee contributions with interest at DOPT were incorrectly calculated by Fidelity
Reason 2 – Amount paid is the lump sum value of the Part B benefit at DOPT plus interest to the payment date rather than the employee contributions with interest
Reason 3 – Employee contributions with interest at DOPT used to process lump sum payment included employee contributions held by Insurance Companies as part of purchased annuity
Reason 4 – Employee contributions with interest at DOPT used to process lump sum payment included employee contributions withdrawn before DOPT
Reason 5 – All employee contributions with interest were withdrawn before DOPT and paid again in error by PBGC after DOPT

The following seven participants were underpaid by PBGC:

| No. | Participant Name | Participant SSN | Employee Contributions with Interest at DOPT | Withdrawal Date | Employee Contributions Amount Owed at Withdrawal Date | Employee Contributions Amount Paid at Withdrawal Date | Underpayment | Reason |
|---|---|---|---|---|---|---|---|---|
| 1 | [redacted] | | $25,961.89 | 04/01/2010 | $26,425.40 | $26,414.32 | $11.08 | 1 |
| 2 | | | $41,488.16 | 04/01/2010 | $42,228.86 | $42,187.98 | $40.88 | 1 |
| 3 | | | $4,044.67 | 01/01/2015 | $4,445.92 | $4,075.59 | $370.33 | 1 |
| 4 | | | $110,312.93 | 04/01/2010 | $112,282.38 | $111,831.54 | $450.84 | 1 |
| 5 | | | $17,562.34 | 08/01/2010 | $18,032.99 | $18,022.04 | $10.95 | 1 |
| 6 | | | $8,948.61 | 09/01/2011 | $9,393.68 | $9,337.76 | $55.92 | 1 |
| 7 | | | $23,203.91 | 12/01/2011 | $24,439.17 | $24,365.72 | $73.45 | 2 |

* In addition to the underpayment of the employee contribution lump sum, these participants' current monthly benefits in pay change.

Reason 1 – Employee contributions with interest at DOPT were incorrectly calculated by Fidelity
Reason 2 – Employee contributions with interest at DOPT were incorrectly calculated by PBGC

*L. Method for Determining Termination Monthly Benefits*

The termination monthly benefit for a participant in pay status on DOPT is equal to the plan monthly benefit multiplied by the present value of termination benefits divided by the present value of plan benefits. This method preserves the "shape" of the annuity in pay status on DOPT.

The termination monthly benefit for a participant not in pay status on DOPT is equal to the Title IV monthly benefit multiplied by the present value of termination benefits divided by the present value of Title IV benefits. This method results in a stable PC3 benefit regardless of the participant's elected retirement date.

OCC approved the methods described above. Please see the memorandum found in Image Viewer document #404107519.

*M. Present Value used to Calculate the Taxable/Non Taxable Portion of the Plan Benefit*

In order to determine the taxable and nontaxable portion of a refund of mandatory employee contributions, the present value of the associated benefit is needed by PBGC plan administrators. OCC provided guidance that, for the purpose of determining the taxable/nontaxable portion of the plan benefits in the Delphi Salaried plan, the present value of only the participant's Part B Primary and Part B Supplementary termination benefits using PBGC annuity rates are to be used in the denominator of the exclusion ratio (see Image Viewer Doc. #403762513). This present value is shown on the last page of a participant's benefit statement worksheet.

*N. Separate Databases for ADT/IPVFB and BSRS/Benefit Administration*

Due to the complexity of the Delphi Salaried plan benefits, the Delphi Salaried plan valuation was developed by assigning ACT data fields to benefits in a manner that best facilitated the ACT BSRS system and ongoing benefit administration. PBGC's ADT and IPVFB systems require particular assignment of benefit data to ACT data fields that differ from the field assignment used for the BSRS and ongoing benefit administration. We created an additional database that meets the field requirements of ADT and IPVFB. Both databases will be submitted for the case software closeout. For more information regarding the specifics regarding the two databases see Image Viewer Doc. #404258414.

*O. ASEC Manufacturing, Delphi Mechatronic Systems, and PHI Non-Bargaining Transfers*

Participants who transferred to or from Delphi and three Delphi subsidiary companies [ASEC Manufacturing (PBGC Case Number 21102100), Delphi Mechatronic Systems (PBGC Case Number 20700700), and PHI Non-Bargaining Retirement Plan (PBGC Case Number 21102700)] were governed by the transfer agreements between Delphi and each subsidiary. The 135 Packard Hughes Interconnect employees are listed in Appendix H. The five ASEC Manufacturing employees and three Delphi Mechatronic Systems employees are listed below.

| No. | Participant Name | Participant SSN | Delphi Subsidiary |
|---|---|---|---|
| 1 | [redacted] | | ASEC Manufacturing |
| 2 | | | ASEC Manufacturing |
| 3 | | | ASEC Manufacturing |
| 4 | | | Delphi Mechatronic Systems |
| 5 | | | Delphi Mechatronic Systems |
| 6 | | | ASEC Manufacturing |
| 7 | | | Delphi Mechatronic Systems |
| 8 | | | ASEC Manufacturing |

In general, the transfer agreements provided the following:

1. Combined service is used to determine retirement eligibility and vesting under the Delphi and subsidiary pension plans.
2. Retirement benefits from each company are based on credited service earned while working for the company.
3. Earnings at the final employing company are used to calculate retirement benefits under both plans.

*P. Transfers between Delphi Salaried and Delphi Hourly Plans*

Participants who transfer from hourly employment to salaried employment have both Part A and Part B benefits paid from the Delphi Salaried plan based on service using combined hourly and salaried service. The Delphi Hourly-Rate Employees Pension Plan (PBGC Case Number 20637100) would not pay these participants a benefit because the entire Part A benefit accrued under both plans is paid by the Delphi Salaried plan.

Participants who transfer from salaried employment to hourly employment retain Part B benefits in the Delphi Salaried plan (if the participant made employee contributions). The entire Part A benefit accrued under both plans is payable from the Delphi Hourly-Rate Employees Pension Plan.

The basic principle applied is that a participant's Part A benefit moves with the participant throughout his employment history and is paid by the plan the participant is active in at the participant's final termination of employment date.

Note the same rules above for transfers between the two plans are also applied to participants who break service in one plan and are rehired in the other plan. Thus, if a salaried participant terminates salaried employment and 4 years later is rehired into hourly employment, the participant's entire Part A benefit accrued under both plans will be paid by the Delphi Hourly-Rate Employees Pension Plan.

The plan no longer required the transfer of Part A benefits between plans with the introduction of Part C (Cash Balance) benefits for rehires on or after January 1, 2001. There is one participant in the salaried plan affected by this rule. [redacted] terminated salaried employment on December 31, 2002. He was rehired as an hourly employee on December 11, 2006. Because he was rehired after January 1, 2001, the Part A benefits he accrued as a salaried employee did not transfer to the Delphi Hourly-Rate Employees Pension Plan. His Part A benefits are retained by the Delphi Salaried plan. The Cash Balance benefit he earned as an hourly employee after December 11, 2006 is paid by the Delphi Hourly-Rate Employees Pension Plan.

Appendix I lists the 73 participants and beneficiaries who have a benefit in both the Delphi Salaried plan and the Delphi Hourly-Rate Employees Pension Plan.

**27. Expense Loading**

| | |
|---|---|
| (1) Number of Participants = | 19,933 |
| (2) PVPBL Without Load = | $4,491,304,497 |
| (3) Initial Annuity Interest Rate = | 0.0531 |
| (4) p = 1% + [(3) - 7.5%] / 10 = .781% = | 0.00781 |
| (5) Amount of Load = $10,000 + [(2) - $200,000] x (4) + [$200 x (1)] = | $39,072,126 |
| (6) Expense percentage = (5) / (2) = 0.0087 = | 0.87% |

## 28. Liability-Weighted Average Age / Liabilities Excluding Expense Loading

Average Weighted Age Table:

| (1) Number | (2) Group | (3) Average ANB at DOPT Weighted by PV of Termination Benefits | (4) Average XRA Weighted by PV of Termination Benefits |
|---|---|---|---|
| 8,040 | Retirees, Beneficiaries, and Alternate Payees | 62.1 | ------ |
| 3,795 | Separated Vesteds and Deferred Beneficiaries | 50.5 | 58.6 |
| 8,098 | Active Vesteds | 51.5 | 57.8 |
| 0 | Non-Vesteds | ------ | ------ |

Liabilities Excluding Expense Loading:

| (1) No. | (2) Group | (3) Present Value of Title IV Benefits | (4) Present Value of Unfunded Non-Guaranteed Benefits | (5) Present Value of Total Benefit Liabilities (3) + (4) | (6) Present Value of 4022(c) Benefits | (7) Present Value of Termination Benefits (3) + (6) |
|---|---|---|---|---|---|---|
| 8,040 | Retirees and Beneficiaries | $2,674,822,734 | $293,650,789 | $2,968,473,523 | $31,667,410 | $2,706,490,144 |
| 3,795 | Separated Vesteds and Deferred Beneficiaries | $216,991,331 | $4,047,160 | $221,038,491 | $138,771 | $217,130,102 |
| 8,098 | Active Vesteds | $1,082,462,574 | $219,329,909 | $1,301,792,483 | $8,005,009 | $1,090,467,583 |
| 0 | Non-Vesteds | $0 | $0 | $0 | $0 | $0 |
| 19,933 | TOTAL | $3,974,276,639 | $517,027,858 | $4,491,304,497 | $39,811,190 | $4,014,087,829 |

LS_TERM Total:

| LS_TERM Total for all Participants | |
|---|---|
| TOTAL: | $4,069,697,195 |