

Troy-based auto supplier asks GM, UAW for relief

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Changes in the bankruptcy law have put pressure on Troy-based Delphi Corp. to get help from General Motors and the United Auto Workers, says the company's new chief executive.

Robert S. "Steve" Miller, Delphi's chief executive, said this week that changes in the bankruptcy law will place more power in the hands of creditors.

Companies such as Delphi, Delta Airlines and Northwest Airlines, which face the possibility of seeking court protection under Chapter 11, will debate

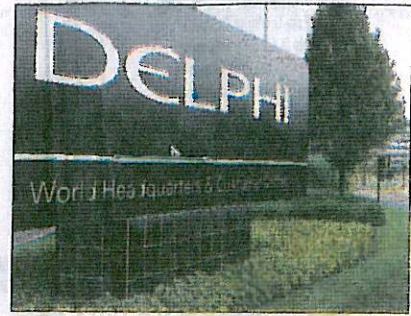
whether it's in their best interest to file under the old law or test the new law, Miller said.

The new bankruptcy code, which Congress redrafted at the behest of the banking and credit-card industry, takes effect Oct. 17.

Delphi has approached both GM, its largest customer, and the UAW for aid, he added. Serious discussions with both GM and the union have begun, he added.

"I know what it feels like to be humored," said Miller, who came to Delphi last month with a reputation as a specialist in helping distressed companies.

"I know what it feels like when



Associated Press file photo/PAUL SANCYA

Auto parts supplier Delphi reported losses for the second quarter.

someone else is serious about finding a solution. And, I will say GM and the unions are both serious about finding a solution."

Miller, however, said the talks are dealing with difficult issues. Delphi is basically two compa-

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DELPHI

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Giant parts supplier is hobbled by its operations in North America

nies, including one that continues to win new business from other automakers because of its reputation for innovation.

However, having been spun from GM in 1999, Delphi also is hobbled by its operations in North America, which have been hobbled by uncompetitive labor agreements.

The agreements basically mean most of Delphi's more than 30,000 workers in the United States are collecting the kind of wages paid by the big automakers at a time when most suppliers, including companies where workers are represented by the UAW, have scaled back their pay.

In some segments, Delphi

is facing competition from plants overseas where the wages are even lower, he said.

"Plant closures are a theoretical possibility. There are some plants that we may not be able to sustain long-term."

Miller declined to discuss specifics or speculate about the shape of a settlement, but he said he hoped the agreement could be wrapped up no later than the middle of October. If there is no agreement by then, Delphi's board will face some strategic decisions about the bankruptcy law.

Overall, however, his preference is for Delphi to stay out of bankruptcy court if at all possible.

Miller also said he planned to make sure that what happens at Delphi in next few months is transparent to the company's various constituencies. "We're not going to runaway and hide. We don't have a bunker mentality."