DELPHI AUTOMOTIVE SYSTEMS CORP
Form 424B5
May 25, 2001

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant To Rule 424(b)(5)
Registration Statement No. 333-73285

Subject to Completion, Dated May 24, 2001

PRELIMINARY PROSPECTUS SUPPLEMENT
(To prospectus dated March 30, 1999)

$500,000,000

Delphi Automotive Systems Corporation

% Notes due 2006

The notes (the Notes) will bear interest at % per year and will mature on , 2006. We will pay interest on the Notes on and of each year, beginning . We may redeem the Notes prior to maturity, in whole or in part, as described in this prospectus supplement.

Investing in the Notes involves certain risks.

See Risk Factors beginning on page S-6.

	Public Offering Price(1)	Underwriting Discount	Proceeds Before Expenses
Per Note	%	%	%
Total	$	$	$

(1) Plus accrued interest from , 2001, if settlement occurs after that date.

Neither the United States Securities and Exchange Commission nor any foreign or state securities commission, the Luxembourg Stock Exchange nor any foreign governmental agency have approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes are being offered for sale in the United States, Europe and Asia. We intend to apply to have the Notes listed and traded in accordance with the rules of the Luxembourg Stock Exchange. The Notes will be ready for delivery in book-entry form only through The Depository Trust Company, Clearstream Banking Luxembourg or the

Euroclear System, as the case may be, on or about , 2001.

Joint Bookrunners

Bear, Stearns & Co. Inc. **Credit Suisse First Boston**

Co-Lead Managers

JPMorgan **Salomon Smith Barney**

Co-Managers

Banc of America Securities LLC **Dresdner Kleinworth Wasserstein** **Merrill Lynch & Co.**
Morgan Stanley Dean Witter **The Williams Capital Group, L.P.**

The date of this prospectus supplement is , 2001.

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The Luxembourg Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document and the accompanying prospectus.

No person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell or to buy only the Notes, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement or the accompanying prospectus as well as information previously filed with the Securities and Exchange Commission (the SEC) and incorporated by reference is current only as of the date of such information. Our business, financial condition, results of operations and prospects may have changed since that date.

Offers and sales of the Notes are subject to restrictions in relation to the United Kingdom, details of which are set out in Underwriting below. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain other jurisdictions may also be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or on behalf of the underwriters or any of them to subscribe for and purchase, any of the Notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

Each underwriter has confirmed that it understands that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law). Accordingly, each underwriter has represented and agreed that it will not offer or sell, directly or indirectly, any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

We cannot guarantee that the application to the Luxembourg Stock Exchange will be approved, and the sale of the

Notes is not conditioned on obtaining this listing.

References in this prospectus supplement and the accompanying prospectus to we, us, our, the company and Delphi are to Delphi Automotive Systems Corporation.

In this prospectus supplement and the accompanying prospectus, unless otherwise specified or the context otherwise requires, references to dollars, $ and U.S. $ are to United States dollars.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Delphi and its representatives may periodically make written or oral statements that are forward-looking, including statements included in this prospectus supplement and accompanying prospectus as well as other filings with the SEC and in reports to our stockholders. All statements which address operating performance, events or developments that we expect or anticipate may occur in the future (including statements relating to future sales or earnings expectations, savings expected as a result of global restructuring or other initiatives, volume growth, awarded sales contracts and earnings per share expectations or statements expressing general optimism about future operating results) are forward-looking statements. These statements are made on the basis of management s views and assumptions; as a result, there can be no assurance that management s expectations will necessarily come to pass. Principal important factors, risks and uncertainties which may cause actual results to differ from those expressed in forward-looking statements set forth in this prospectus supplement and accompanying prospectus include: our ability to increase non-General Motors Corporation (GM) sales and achieve the labor benefits expected from our separation from GM; our ability to retain GM business; potential increases in our warranty costs; our ability to successfully implement our global restructuring plans; changes in the economic conditions or political environment in the markets in which we operate; currency exchange rate fluctuations; financial or market declines of our customers or significant business partners; labor disruptions or material shortages; the level of competition in the automotive industry; significant downturns in the automobile production rate; costs relating to legal and administrative proceedings; changes in laws or regulations pertaining to the automotive industry; our ability to realize costs savings expected to offset price reductions; our ability to make pension and other post-retirement payments at levels anticipated by management; our ability to successfully exit non-performing businesses and absorb contingent liabilities related to divestitures; our ability to complete and integrate acquisitions; changes in technology and technological risks; our ability to protect and assert patent and other intellectual property rights; our ability to provide high quality products at competitive prices, to develop new products to meet changing consumer preferences and to meet changing vehicle manufacturers supply requirements on a timely, cost effective basis; and other factors, risks and uncertainties discussed in the Delphi Automotive Systems Corporation Annual Report on Form 10-K for the year ended December 31, 2000 and other filings with the SEC. Delphi does not intend or assume any obligation to update any of these forward-looking statements.

SUMMARY

The information contained in this summary is qualified in its entirety by and should be read together with the more detailed information and financial statements incorporated by reference in this prospectus supplement and accompanying prospectus.

The Company

Overview. Delphi is a world leading supplier of vehicle electronics, transportation components, integrated systems and modules, with 2000 net sales of $29.1 billion. We have extensive technical expertise in a broad range of product lines and strong systems integration skills, which enable us to provide comprehensive, systems-based solutions to vehicle manufacturers (VMs). We have established an expansive global presence, with a network of manufacturing sites, technical centers, sales offices and joint ventures located in every major region of the world. We sell our products to the major VMs around the world. We operate our business along three major product sectors, which work closely together to coordinate product development and marketing efforts. Our three product sectors are: Electronics & Mobile Communication, which includes our automotive electronics and audio and communication systems; Safety, Thermal & Electrical Architecture, which includes our safety, thermal and power and signal distribution products; and Dynamics & Propulsion, which includes our energy and engine management, chassis and steering products.

We also sell our products to the worldwide aftermarket for replacement parts. Our select portfolio of high-quality aftermarket products falls under five key categories: under car, thermal systems, energy/engine management systems, electronics and remanufactured parts. By leveraging our strong electronics competency, technical knowledge, product portfolio and distribution network, we are able to offer a diversified line of aftermarket products.

We are increasingly selling our products to non-VM customers. The growth in non-VM markets, which includes communications, military, aerospace, agriculture and construction, is fueled by our ability to leverage existing automotive technologies. We will continue to look for opportunities to use our base competencies beyond the automotive industry.

History. Delphi was incorporated in Delaware in late 1998, as a wholly owned subsidiary of GM. Before January 1, 1999, GM conducted the business through various divisions and subsidiaries. Effective January 1, 1999, the assets and liabilities of the Delphi business sector were transferred to Delphi and its subsidiaries in accordance with the terms of a Master Separation Agreement to which Delphi and GM are parties (the Separation Agreement). We became an independent company during 1999 through a series of transactions (the Separation). The Separation occurred in two stages, the first of which involved an initial public offering (the IPO) on February 5, 1999, and the second of which involved the distribution of Delphi s remaining shares owned by GM on May 28, 1999.

Global Restructuring Plans and Impairment Charges. As a result of uncertain industry conditions and the decision to more rapidly implement Delphi s long-term portfolio plans, on March 29, 2001, Delphi announced global restructuring plans designed to reduce structural costs, improve the earnings power of Delphi s portfolio of businesses and streamline structure. The plans include intentions to sell, close or consolidate nine plants, downsize the work force at more than 40 other facilities, and exit selected under-performing and non-core products. The restructuring plans are expected to reduce Delphi worldwide employment by approximately 11,500 positions. The plans include exiting businesses across all sectors with sales totaling approximately $900 million, representing approximately 20% of the $4 billion to $5 billion of businesses that have been under management s portfolio review. The actions comprising the restructuring plans will take place by March 31, 2002. In connection with the restructuring plans, we recognized restructuring charges of approximately $536 million in the first quarter of 2001. Delphi expects to begin to realize the benefits of our restructuring actions in the second half of 2001 and in even greater measure in 2002 and beyond.

In the first quarter of 2001, we also recorded asset impairment charges of $63 million related to long-lived assets at the sites impacted by the restructuring plans and impairment charges of $18 million related to permanent declines in the value of certain joint ventures.

As a result of these actions, we recorded total charges of $617 million ($404 million after-tax) in the first quarter of 2001.

Acquisitions. On March 30, 2001, Delphi acquired substantially all of the assets and assumed certain liabilities of Eaton Corporation s Vehicle Switch/ Electronics Division, now Delphi Mechatronic Systems, for approximately $0.3 billion. The purchase price is subject to adjustment for certain post-closing events including governmental approval of the transfer of certain assets in Poland. Delphi Mechatronic Systems is a global producer of electromechanical switches, mechatronic modules and body electronics for the light vehicle industry with 2000 sales of $320 million, primarily in North America. Delphi Mechatronic Systems technology, complemented by our extensive electrical and electronic integration capabilities, will enable us to offer customers new solutions in modular cockpits, doors and overhead systems. The Delphi Mechatronic Systems acquisition supports our goals of enhancing our technology, diversifying our customer base and geographic footprint, and leveraging our system integration capabilities.

In January, 2000, Delphi completed the purchase of Lucas Diesel Systems from TRW Inc. for $0.8 billion, net of cash acquired. Lucas Diesel Systems, now Delphi Diesel Systems, is the world s second largest producer of diesel fuel-injection systems for light, medium and heavy-duty vehicles. We believe that this acquisition supports our key initiatives by adding new high-growth diesel product lines, increasing our European sales by more than 18%, complementing our gasoline engine management systems capabilities and increasing our non-GM sales by 10% to approximately $8.5 billion during 2000.

In February, 2000, Delphi completed the acquisition of Automotive Products Distribution Services (APDS). APDS, now Delphi Lockheed Automotive, is a leading European distributor of automotive aftermarket products for passenger cars and commercial vehicles. We believe this acquisition strengthens our portfolio and distribution in the global aftermarket, providing distribution networks for our existing product lines as well as existing APDS products.

The Offering

Securities Offered
$500,000,000 principal amount of % Notes due , 2006

Maturity Date
The Notes will mature on , 2006.

Interest Rate
% per annum, accruing from , 2001

Interest Payment Dates

Redemption
The Notes are not subject to a sinking fund. The Notes are redeemable before maturity at the option of Delphi, in whole or in part, at the redemption price set forth herein plus accrued interest, and are redeemable in whole, but not in part, at 100% of the principal amount plus accrued interest on the Notes in the event of certain changes relating to United States taxation. See Description of the Notes Optional Redemption and Redemption for Tax Reasons.

Ranking
The Notes are unsecured and unsubordinated indebtedness of Delphi and will rank equal with Delphi s other unsecured and unsubordinated debt.

Use of Proceeds
Delphi intends to use the net proceeds from the offering of the Notes (the Offering) to reduce a portion of its commercial paper borrowings.

RISK FACTORS

In considering whether to purchase the Notes, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below.

We Depend on GM as a Customer

GM accounted for 71% of our total net sales in fiscal 2000. If we are unable to compete effectively for new business with GM s other suppliers, our revenues may decline. In connection with our separation from GM in 1999, we entered into a supply agreement with GM affording us limited bidding rights on new GM products. Our rights under this supply agreement terminate on January 1, 2002. After the expiration of the supply agreement, we will bid for GM s automotive parts business on the same basis as our competitors, and to compete effectively will need to continue to satisfy GM s pricing, service, technology and increasingly stringent quality and reliability requirements, which, because we are GM s largest supplier, particularly affect us. For these reasons, we cannot provide any assurance as to the amount of our future business with GM. While we intend to continue to focus on retaining and winning GM s business, we cannot assure you that we will succeed in doing so. Additionally, our revenues may be affected by decreases in GM s business or market share.

Our Revenues May Continue to Decline Due to Adverse Conditions in Our Market

As a result of lower production schedules for our customers in North America, our largest market, and a weaker U.S. aftermarket, our revenues for the first quarter of 2001 were approximately 16% lower than the comparable period in 2000. Such adverse market conditions may continue for an extended period of time. If they continue, these conditions could result in additional continued revenue declines and could adversely affect our earnings and financial condition. We have implemented productivity improvements and streamlining activities designed to mitigate the impact of reduced demand, and implemented global restructuring plans. However, we cannot assure you that any such actions will be effective or sufficient to offset the impact of these adverse market conditions.

We May Incur Material Losses and Costs as a Result of Product Liability and Warranty Claims That May Be Brought Against Us

We face an inherent business risk of exposure to product liability and warranty claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury and/or property damage. We cannot assure you that we will not experience any material warranty or product liability losses in the future or that we will not incur significant costs to defend such claims. In addition, if any of our products are or are alleged to be defective, we may be required to participate in a recall involving such products. Each vehicle manufacturer has its own policy regarding product recalls and other product liability actions relating to its suppliers. However, as suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, vehicle manufacturers are increasingly looking to their suppliers for contribution when faced with product liability claims. A successful claim brought against us in excess of our available insurance coverage or a requirement to participate in a product recall may have a material adverse effect on our business. Vehicle manufacturers are also increasingly requiring their outside suppliers to guarantee or warrant their products and to bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which we supply products to a vehicle manufacturer, a vehicle manufacturer may hold us responsible for some or all of the repair or replacement costs of such products under new vehicle warranties, when the product supplied did not perform as represented. A few VMs have advised us that they intend to pursue warranty claims to a greater extent than previously. In particular, GM continues to assert pre-separation warranty claims that we are challenging. We cannot assure you that our costs associated with providing product warranties will not be material.

USE OF PROCEEDS

We estimate that the net proceeds from the Offering, after deducting the underwriting discount and expenses of the Offering, will be approximately $. We intend to use such proceeds to reduce a portion of our commercial paper borrowings, including debt of $0.3 billion arising from the purchase of Delphi Mechatronic Systems. At March 31, 2001, $1.3 billion was outstanding under our commercial paper programs at an average weighted interest rate of 5.6%. Borrowings under these programs are for a maximum of 365 days from issuance.

CAPITALIZATION

Set forth below is the historical capitalization of our company on a consolidated basis at March 31, 2001 and as adjusted to give effect for the offering of the Notes pursuant to this prospectus supplement and for the reduction of a portion of our commercial paper borrowings with the net proceeds of the Offering. You should read the information set forth below in conjunction with Selected Financial Data which appear elsewhere in this prospectus supplement and our consolidated financial statements, including the notes thereto, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	March 31, 2001	
	Actual	**As Adjusted**
	(unaudited) (in millions)	
Debt:		
Notes payable and current portion of long-term debt	$1,477	
Long-term debt	1,891(1)	
Notes offered hereby		
Total debt	3,368	
Equity:		
Common stock, $0.01 par value, 1,350 million shares authorized and 565 million shares issued and outstanding	6	6
Additional paid-in capital	2,450	2,450
Retained earnings	1,401	1,401

Other comprehensive income	(541)	(541)
Treasury stock, at cost, 5.1 million shares	(94)	(94)
Total equity	3,222	3,222
Total capitalization	$6,590	$

(1) In accordance with our plan and ability to refinance the Delphi Mechatronic Systems acquisition on a long-term basis, we reclassified the associated commercial paper and line of credit borrowings totaling $0.3 billion to long-term debt as of March 31, 2001. Such amounts will be refinanced with a portion of the net proceeds of the Notes.

SELECTED FINANCIAL DATA

The following selected financial data reflects our historical results of operations and cash flows. Selected financial data for the periods prior to 1999 reflect the historical results of operations and cash flows of the businesses that were considered part of the Delphi business sector of GM during each respective period. In addition, the data for all periods include amounts relating to Delco Electronics, the electronics and mobile communication business that was transferred by GM to Delphi in December 1997. The historical consolidated statement of operations data for the years 1996-1998 do not reflect many significant changes that have occurred in the operations and funding of our company as a result of our separation from GM and our IPO. The historical consolidated balance sheet data reflects the assets and liabilities transferred to our company in accordance with the Separation Agreement.

The selected financial data of Delphi should be read in conjunction with, and are qualified by reference to Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and accompanying prospectus. Our consolidated statements of operations and cash flows for the years ended December 31, 2000, 1999, 1998, 1997 and 1996 and the consolidated balance sheets as of December 31, 2000, 1999, 1998, 1997 and 1996 have been audited. The financial data for the three months ended March 31, 2001 and 2000 are derived from Delphi s unaudited consolidated financial statements. The unaudited financial information reflects all adjustments (consisting only of normal recurring adjustments) that Delphi considers necessary for a fair statement of its consolidated financial position for such periods.

The financial information presented may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a separate, stand-alone entity during the years 1996-1998. You should read the Management s Discussion and Analysis of Financial Condition and Results of Operations sections in our Annual Report on Form 10-K for the year ended December 31, 2000 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2001, which describe a number of factors which have affected our financial results, including the global restructuring plans and impairment charges, acquisitions of Delphi Mechatronic Systems, Delphi Diesel Systems and Delphi Lockheed Automotive, significant price reductions as GM implemented its global sourcing initiative, work stoppages at both GM and Delphi and charges associated with underperforming assets.

	Three Months Ended March 31,		Year Ended December 31,				
	2001(1)	2000(2)	2000(2)	1999	1998	1997	1996
	(in millions, except per share amounts)						
Statement of Operations Data:(3)							
Net sales	$6,535	$7,804	$29,139	$29,192	$28,479	$31,447	$31,032
Operating expenses:							
Cost of sales, excluding items listed below	5,901	6,596	24,744	25,035	26,135	27,710	27,471
Selling, general and administrative	378	459	1,715	1,619	1,463	1,415	1,445
Depreciation and amortization	317	232	936	856	1,102	1,970	843
Restructuring	536						
Acquisition-related in-process research and development		51	51				
Operating income (loss)	(597)	466	1,693	1,682	(221)	352	1,273
Interest expense	(56)	(40)	(183)	(132)	(277)	(287)	(276)
Other (expense) income, net	(3)	34	157	171	232	194	115

Income (loss) before income taxes	(656)	460	1,667	1,721	(266)	259	1,112
Income tax expense (benefit)	(227)	170	605	638	(173)	44	259
Net income (loss)	$(429)	$290	$1,062	$1,083	$(93)	$215	$853
Basic earnings (loss) per share	$(0.77)	$0.51	$1.89	$1.96	$(0.20)	$0.46	$1.83

Diluted earnings (loss) per share	$(0.77)	$0.51	$1.88	$1.95	$(0.20)	$0.46	$1.83
Cash dividends declared per share(4)	$0.07	$0.07	$0.28	$0.21	$	$	$
Statement of Cash Flows Data:							
Cash provided by (used in) operating activities	$296	$(520)	$268	$(1,214)	$849	$2,918	$2,701
Cash used in investing activities	(420)	(1,200)	(2,054)	(1,055)	(1,216)	(1,320)	(995)
Cash provided by (used in) financing activities	146	1,109	1,094	2,878	384	(1,549)	(1,686)
Other Financial Data:							
EBITDA(5)	$(293)	$769	$2,789	$2,613	$1,056	$2,459	$2,182

Ratio of earnings to fixed charges(6)
N/A 9.7x 7.9x 10.6x N/A 1.7x 4.3x
Balance Sheet Data (at end of period):

Total assets
$18,555 $18,980 $18,521 $18,350 $15,506 $15,026 $15,390
Total debt
3,368 2,927 3,182 1,757 3,500 3,500 3,500
Stockholders equity (deficit)
3,222 3,434 3,766 3,200 9 (413) 922

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(1) Excluding the restructuring and impairment charges of $617 million ($404 million after-tax), operating income would have been $2 million, loss before taxes would have been $39 million, net loss would have been $25 million and basic and diluted loss per share would have been $0.04.

(2) Excluding the one-time, non-cash charge of $51 million ($32 million after-tax) resulting from acquisition-related in-process research and development, for the year ended December 31, 2000, operating income would have been $1,744 million, income before income taxes would have been $1,718 million, net income would have been $1,094 million and basic and diluted earnings per share would have been $1.95 and $1.94, respectively. For the three months ended March 31, 2000, operating income would have been $517 million, income before income taxes would have been $511 million, net income would have been $322 million, and basic and diluted earnings per share would have been $0.57.

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(3) Delphi became a separate company in 1999. The data for 1996-1998 represents results when Delphi was an operating sector within GM.

(4) As we became a public company on February 5, 1999, dividend data for the years ending before our IPO is not applicable.

(5) EBITDA is defined as income before provision for interest expense and interest income, income taxes, acquisition-related in-process research and development, depreciation and amortization. EBITDA is not presented as an alternative measure of operating results or cash flow from operations, as determined in accordance with generally accepted accounting principles, but because we believe it is a widely accepted indicator of our ability to incur and service debt. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect funds available for dividends, reinvestment or other discretionary uses. In addition, EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies. For the three months ended March 31, 2001, excluding the restructuring and investment impairment charges of $536 million and $18 million, respectively, EBITDA would have been $261 million.

(6) Earnings include net income plus fixed charges. Fixed charges consist of interest expenses and an estimated interest component of rent expense. For the three months ended March 31, 2001 and the year ended December 31, 1998, fixed charges exceeded earnings by $661 million and $320 million, respectively, resulting in a ratio of less than one.

DESCRIPTION OF THE NOTES

Information in this section should be read in conjunction with the statements under Description of Debt Securities in the accompanying prospectus.

General

The Notes are in the aggregate principal amount of $500,000,000, mature on , 2006 and bear interest at % per annum.

The Notes:

will be issued in U.S. dollars in denominations of $1,000 and integral multiples of $1,000.

will be issued pursuant to an Indenture dated April 28, 1999, as supplemented on , 2001 (the Indenture), between Delphi and Bank One Trust Company, N.A., as trustee (the Trustee).

are redeemable before maturity at the option of Delphi, in whole or in part, at the redemption price set forth herein plus accrued interest, and are redeemable in whole, but not in part, at 100% of the principal amount plus accrued interest on the Notes in the event of certain changes relating to United States taxation.

are not subject to any sinking fund.

will be represented by one or more global certificates in fully registered form. Except in certain limited circumstances, the Notes will not be issued in definitive form. If the Notes are issued in definitive form, they will be issued in registered form, and payments of principal and interest will be made according to alternative arrangements.

will be listed and traded in accordance with the rules of the Luxembourg Stock Exchange, if Delphi s application for listing to the Luxembourg Stock Exchange is approved.

represent unsecured and unsubordinated debt.

will be repaid at par at maturity.

will rank equal with Delphi s other unsecured and unsubordinated debt.

Interest:

is payable on and of each year, payable to the persons in whose names the Notes are registered at the close of business on and , as the case may be, prior to the payment date.

will be calculated on the basis of a 360-day year of twelve 30-day months.

payments begin on , 2001 and interest will begin to accrue from , 2001.

We will deliver to the Trustee, annually, an officers certificate as to the existence or absence of defaults under the Indenture. We may, without the consent of the holders of the Notes, issue additional securities having the same ranking and the same interest rate, maturity and other terms as the Notes. Any additional securities, together with the related series of Notes, will consist of a single series of securities under the Indenture on the same terms a