Testimony Given by Steven Gebbia at Committee on Oversight and Government Reform Hearing – November 14, 2011

I am Steven Gebbia, former Executive Director, Employee Benefits for Delphi Corporation.

I held that position from Delphi's inception in 1999 until I retired in June, 2011.

During this entire time, I held administrative responsibilities for Delphi's global employee benefit plans, including the U.S. salaried and hourly defined benefit pension plans that were involuntarily terminated by the PBGC in July, 2009.

My administrative responsibilities included designing and developing various benefit plans, negotiating their provisions with various unions from time to time, ongoing communications with employees, retirees, unions, etc., and oversight of day-to-day administration of these pension plans.

This oversight involved frequent interaction with Towers Watson, a consulting firm hired by Delphi to conduct actuarial work for these pension plans, including annual valuations of these plans as required by law.

During the almost four year period of Delphi's bankruptcy cases up until the PBGC involuntarily terminated Delphi's pension plans, Delphi's management team repeatedly communicated to employees its desire to retain these plans as part of the bankruptcy restructuring.

Like others, I was very surprised when I learned that the pension plans were to be terminated and taken over by the PBGC. I was extremely disappointed when I learned it was decided that only the hourly employee pension benefits – but not the salaried pension benefits - would be topped up by GM – and therefore would be made whole.

Several salaried employees came to me and asked me to quantify for them the impact of this seemingly unexplainable action on their drastically reduced pension benefits.

Because I did not personally have access to this information, I contacted Towers Watson and asked for their help in responding to the questions and concerns being raised by Delphi's salaried employees.

During our discussions, Towers Watson offered to me and to members of my staff that while the salaried pension plan was not fully funded at the time of the involuntary termination of the plan, it was, however, funded well above a level that would have required mandatory termination of the plan. In fact, Towers Watson stated that this plan had enough assets to pay benefits for decades to

come, and they also opined that this plan was very salvageable should there be any sincere desire to save it.
They stated that the reasons for their opinions were based on:

1) data derived from their most recent actuarial calculations of the plan's valuation;
2) the fact that the plan was "frozen" as of October, 2008 – meaning no new benefits would accrue going forward;
3) equity markets were at historic lows at that time; and
4) discount rates were also extremely low by historical standards, thereby overstating the plan's liability valuations over the near term.

Towers Watson further offered that they believed that other bankruptcy cases existed where pension plans were funded at levels lower than the Delphi salaried pension plan, but had not been taken over by the PBGC.

To the best of my recollection, the Delphi salaried pension plan had total liabilities of about $4 billion, and was underfunded by roughly $1 billion at the time the plan was last valued by Towers Watson prior to its termination.