

**Important Information**

The historical information included or referred to in this document or in any linked documents pertains to Motors Liquidation Company (formerly named "General Motors Corporation"), which on June 1, 2009 filed a voluntary petition under chapter 11 of the Bankruptcy Code. On July 10, 2009, General Motors Corporation under its new name, "Motors Liquidation Company", sold substantially all of its assets to General Motors Company, a separate independent company, pursuant to the provisions of section 363 of the Bankruptcy Code. The information in this document does not refer to the new General Motors Company.

# Delphi Automotive Systems Spin-Off

## Information Regarding U.S. Federal Income Tax Basis

The following information is provided to assist you in determining your basis in your GM \$1-2/3 common stock and your Delphi common stock for U.S. Federal income tax purposes as a result of the Delphi Spin-Off, but is not intended as tax advice. You should consult your tax advisor as to the particular basis consequences to you of the Delphi Spin-Off under U.S. Federal, state, local and foreign tax laws.

Generally, the U.S. Federal income tax law requires that your tax basis in the GM \$1-2/3 common stock you held immediately before the Delphi Spin-Off be allocated between your GM \$1-2/3 common stock and the Delphi common stock you received in the Delphi Spin-Off. This allocation is based on the relative fair market value immediately after the Delphi Spin-Off of your GM \$1-2/3 common stock and the Delphi common stock you received. The tax basis in your GM \$1-2/3 common stock after the Delphi Spin-Off will generally be equal to the tax basis of your stock immediately before the Delphi Spin-Off, reduced by the amount of tax basis allocated to your Delphi common stock. In other words, your total tax basis does not change; rather, a portion of the tax basis you had in your GM stock before the Delphi Spin-Off is allocated to the Delphi stock you received in the Delphi Spin-Off.

Federal tax law does not specifically identify how you should determine the fair market value of your GM \$1-2/3 common stock and the Delphi common stock that you received. There are arguably three alternative methods for determining the fair market value: (i) the average of the high and low trading prices of such stocks on May 28 (the day on which the Delphi Spin-Off occurred); (ii) the stocks' opening trading price on May 28; and (iii) the stocks' closing trading price on May 28. In certain IRS private rulings, the IRS has recognized the use of the average of the high and low trading prices as an acceptable measure of fair market value.

You and your tax advisor may find the information in the following table useful in connection with the allocation of your tax basis in your GM \$1-2/3 common stock between your Delphi common stock and your GM \$1-2/3 common stock.

The Delphi Spin-Off occurred as of the opening of business on May 28, 1999. Under the distribution ratio for the Delphi Spin-Off, GM \$1-2/3 stockholders received 0.69893 shares of Delphi common stock for each share of GM \$1-2/3 common stock. The following table shows New York Stock Exchange composite prices for May 28, 1999 and the basis allocation percentage under each of the alternative methods described above.

Stock	High	Low	High-Low Average Price Allocation %		Opening Price Allocation %		Closing Price Allocation %	
GM \$1-2/3 common	\$72.1875	\$68.8750	\$70.5313	83.481%	\$71.0000	83.422%	\$69.0000	83.417%
Delphi common	\$20.3125	\$19.6250	\$ 19.9688 <u>x 0.69893</u>	16.519%	\$20.1875 <u>x0.69893</u>	16.578%	\$19.6250 <u>x0.69893</u>	16.583%

			\$ 13.9568		\$14.1096		\$13.7165
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The basis allocation percentages can be used to allocate your basis in the GM \$1-2/3 common stock you held immediately before the Delphi Spin-Off between your GM \$1-2/3 common stock and the Delphi stock you received in the Delphi Spin-Off, including any fractional share of Delphi stock sold on your behalf.

The tax law does not clearly address how tax basis should be allocated by stockholders who own two or more blocks of stock. For more information about how to determine the tax basis in your stock, see pages 3-4 of the Information Statement that you received prior to the Delphi Spin-Off. We encourage you to consult with your own tax advisor regarding the tax basis consequences of the Delphi Spin-Off.

### **Examples of Tax Allocation for GM \$1-2/3 Common Stock and Delphi Common Stock**

The following information is provided to assist you in determining your tax basis in your GM \$1-2/3 common stock and your Delphi common stock, but is not intended as tax advice. **You should consult your tax advisor as to the particular tax basis consequences to you of the Delphi Spin-Off.**

Federal tax law requires that your tax basis in the GM \$1-2/3 common stock you held immediately before the Delphi Spin-Off be allocated between your GM \$1-2/3 common stock and the Delphi common stock that you received in the Delphi Spin-Off. This allocation is based on the relative fair market value immediately after the Delphi Spin-Off of your GM \$1-2/3 common stock and your Delphi common stock.

Federal law does not specifically identify how one determines the fair market value of the GM \$1-2/3 common stock and the Delphi common stock that you received. There are arguably three alternative methods to determine the fair market value: (i) the average of the high and low trading prices of such stocks on May 28 (the day on which the Delphi Spin-Off occurred); (ii) the opening trading price on May 28; and (iii) the closing trading price on May 28. In certain IRS private rulings, the IRS has recognized the use of the average of the high and low trading prices as an acceptable measure of fair market value. The following examples demonstrate the basis allocation percentages determined under each of these alternative methods. You may wish to adopt one of these methods for allocating your tax basis.

Each of these examples assumes that a shareholder owns 1,000 shares of GM \$1-2/3 common stock that were purchased for \$30 per share, for a total basis of \$30,000. Pursuant to the distribution ratio of 0.69893 shares of Delphi common stock for each share of GM \$1-2/3 common stock, this shareholder would have received 698.93 shares of Delphi common stock in the Delphi Spin-Off. Of these shares, the fractional .93 share was sold by the transfer agent on behalf of the shareholder at a price of \$18.5929 (per whole share) shortly after the Delphi Spin-Off. Thus, the shareholder received \$17.29 in lieu of the fractional share.

These examples show how tax basis can be allocated between the GM \$1-2/3 common stock and Delphi common stock, including fractional shares sold for cash. Stockholders will recognize gain or loss in an amount equal to the difference between the tax basis allocated to these fractional shares and the amount of cash received.

**(i) Average of High and Low for May 28, 1999**

	GM \$1-2/3 Common Stock	Delphi Common Stock
High/Low Average	\$ 70.5313	\$ 19.9688
Shares Retained/Received	1,000.00	698.93
Total Value of Shares	\$ 70,531.30	\$ 13,956.79
Allocation of Basis %	83.481 %	16.519 %
Allocation of \$30,000 Basis	\$ 25,044.30	\$ 4,955.70
Tax Basis allocated to fractional share (.93/698.93 x \$4,955.70)		\$6.59
Gain Recognized on sale of fractional share (\$17.29 - \$6.59)		\$10.70

**(ii) Opening Price for May 28, 1999**

	GM \$1-2/3 Common Stock	Delphi Common Stock
Opening Price	\$ 71.00	\$ 20.1875
Shares Retained/Received	1,000.00	698.93
Total Value of Shares	\$ 71,000.00	\$ 14,109.65
Allocation of Basis %	83.422 %	16.578 %
Allocation of \$30,000 Basis	\$ 25,026.60	\$ 4,973.40
Tax Basis allocated to fractional share (.93/698.93 x \$4,973.40)		\$6.62
Gain Recognized on sale of fractional share (\$17.29 - \$6.62)		\$10.67

**(iii) Closing Price for May 28, 1999**

GM \$1-2/3 Common Stock	Delphi Common Stock
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Closing Price	\$ 69.00	\$ 19.625
Shares Retained/Received	1,000.00	698.93
Total Value of Shares	\$ 69,000.00	\$ 13,716.50
Allocation of Basis %	83.417 %	16.583 %
Allocation of \$30,000 Basis	\$ 25,025.10	\$ 4,974.90
Tax Basis allocated to fractional share (.93/698.93 x \$4,974.90)		\$6.62
Gain Recognized on sale of fractional share (\$17.29 - \$6.62)		\$10.67

**We urge you to consult with your tax advisor regarding the tax basis and holding period consequences to you of the Delphi Spin-Off.**