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**NEWS RELEASE**

## **DELPHI CORPORATION**

Delphi Corporation (Delphi), the US-headquartered automotive components manufacturer and supplier is a significant customer of Pacifica Group Limited. Pacifica supplies Delphi with brake components from its manufacturing plants in Knoxville and Columbia in North America and East Bentleigh in Australia.

In addition, Delphi is a 49% minority joint venture partner in Pacifica's PBR factory in Knoxville.

On 8 October 2005, Delphi announced that Delphi and certain of its US subsidiaries had voluntarily filed for re-organisation of its US operations under Chapter 11 of the US Bankruptcy Code. Chapter 11 permits a Company to continue normal day to day operations, as it develops under court supervision, a plan to reorganise itself. Delphi advised that it had sought Chapter 11 protection in order to address a US cost structure problem and associated legacy issues. Delphi also stated that it expects to complete its US-based restructuring and emerge from Chapter 11 in early to mid 2007.

While it is too early to determine what impact Delphi's filing for Chapter 11 protection will have on Pacifica, as at the date of filing, the amount owed by Delphi to Pacifica amounted to approximately US\$11m of which around US\$6m related to product supplied by the joint venture operation in Knoxville. The Knoxville plant, in which Delphi has the minority interest, bears most of Pacifica's exposure as a supplier to Delphi of brakes for the GMT-800 platform.

The risk to the net earnings of Pacifica, should the outstanding balance with Delphi remain unpaid will be determined over the ensuing weeks.

In a letter to its suppliers, Delphi Chairman and CEO, Robert Miller advised that Delphi has adequate cash to continue paying for goods and services it needs to meet the needs of its customers and will continue to ship its products on schedule. He indicated Delphi would finance its operations from US\$4.5 billion in credit facilities including \$2 billion in debtor possession financing.

Mr John MacKenzie, the Managing Director of Pacifica, said that the Company had started to plan for the possibility of Delphi entering Chapter 11 some time ago and as a result had managed to significantly reduce the financial exposure for its US operations. He indicated that the Company expected to continue to trade with Delphi which is a major "Tier-1" supplier of PBR brakes to the General Motors' GMT-800 light

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truck platform. He noted however that with the imminent transition to the GMT-900 platform, Pacifica's level of sales to Delphi will decrease and be replaced in part by sales to Robert Bosch.

Pacifica will provide a further update as the impact from Delphi's changed circumstances becomes apparent.

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