OPENING STATEMENT OF RODNEY O'NEAL, CEO AND PRESIDENT OF DELPHI AUTOMOTIVE BEFORE THE SENATE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION'S SUBCOMMITTEE ON CONSUMER PROTECTION, PRODUCT SAFETY AND INSURANCE "EXAMINING ACCOUNTABILITY AND CORPORATE CULTURE IN THE WAKE OF THE GM RECALLS"

JULY 17, 2014

Chairman McCaskill, Ranking Member Heller and Members of the Subcommittee:

Thank you for inviting me to testify today.

My name is Rodney O'Neal. I am the Chief Executive Officer and President of Delphi Automotive, a global auto parts manufacturer, which was formed in 2009 and acquired some of the businesses of the former Delphi Corporation. For convenience, throughout my statement and oral testimony I may not distinguish between the company I now head and the companies that made the ignition switch at issue. Although these distinctions have important legal significance, I do not believe they are germane to the primary focus of this Subcommittee's inquiries.

First and foremost, on behalf of Delphi, I want to express our profound sympathies for the victims of the accidents that led to this Subcommittee's investigation. People were hurt, and lives were lost. We must work together to ensure that tragedies like this do not happen again, and this Subcommittee's work is an important part of that effort.

Members of the Subcommittee:

I appreciate this opportunity to address the important issues that you are considering. Delphi fully supports your efforts.

I would like to discuss three main points:

- First, Delphi's efforts to provide replacement parts and support General Motors in connection with the recall.

- Second, our cooperation with this Subcommittee and other governmental bodies.

- Third, the review and reinforcement of Delphi's key product engineering safety policies and procedures.

With regard to my first point, I would like to provide some information regarding Delphi's production of replacement parts for GM. The vehicles that were recalled went out of production several years ago. As a result, it is a monumental task to build over two million ignition switches in a matter of months.

- We ordered new tooling;
- We installed three new production lines (for a total of four lines); and
- We trained additional workers.

At this time, we have shipped over one million new switches, and we are on track to deliver more than two million switches by the end of August.

We have done all of this so that GM can repair its customers' vehicles as quickly as possible.

In addition, we have cooperated with GM in all aspects of the recall and its investigation. Our cooperation includes entering into a reciprocal document sharing agreement, and we have provided relevant documentation in accordance with that agreement.

My second point is that Delphi fully supports this Subcommittee's efforts, as well as those of the House Energy and Commerce Committee, and other governmental bodies. Our support has included:

- Conducting an exhaustive review and providing relevant documents.
- Meeting multiple times with this Subcommittee's staff and other governmental bodies.

My third point relates to our product safety policies and procedures. We have conducted a thorough review of our current policies and procedures. We believe they are robust, but we are always working to continuously improve them. For example:

- Delphi's Chief Technology Officer has personally reinforced with our global engineering team the importance of promptly raising concerns so that they can be handled.
- We have strengthened our procedures to ensure that safety concerns we discover during the development or manufacture of our products are immediately communicated accross all relevant functions within our company, including to our senior management team, and to our customers, and that all such concerns are acted upon in a timely manner.
- We are also embracing a new industry standard that relates to vehicle system safety.

We have also confirmed that we have strong document retention policies in place, and our critical engineering documents are now stored digitally.

In addition to the main points I have covered, I would like to describe our involvement with the cars that have been recalled, and more broadly, our role in the automotive industry.

Today's automobiles are extremely complex, technologically advanced machines. They typically consist of more than 30,000 different parts that are produced and assembled by many different suppliers and the vehicle maker.

Sometimes Delphi supplies individual parts. At other times, we provide sub-assemblies or complete systems. For the vehicles that are the focus of this hearing, GM relied upon several suppliers for an ignition system. Our only contribution was the switch. Delphi did not supply the key or the lock cylinder (the part that actually holds the key). Delphi did not supply the steering column or determine where the lock cylinder would be located.

As vehicles and their systems are put together, each of us has a distinct role to play, with our own clear responsibilities. It is highly important that the Subcommittee understand that there is always a company, be it the system integrator or the vehicle manufacturer, that has responsibility for ensuring that complete systems work together properly. In this case, that was not Delphi.

There has been a lot of discussion regarding the specifications for the switch. Allow me to provide some information about that issue. GM's initial parameters called for a switch that turned smoothly. This was very important to GM. Requirements for the effort required to turn the switch, or torque, were also included. These requirements were originally described as a "target" and contemplated that the feel of the switch, which relates to the effort required to turn it, would be subject to GM's approval.

As GM acknowledges, before production started, GM knowingly approved a final design that included less torque than the original target. In our view, that approval established the final specification. Delphi then began producing the switch that GM approved and wanted.

At GM's direction, in approximately January 2006, Delphi submitted a revised ignition switch with several changes that we understood were intended to address warranty concerns. These changes included a different spring that produced higher resistive torque – the same spring as was included in Delphi's original drawings for the part. In April 2006, this change was approved by GM engineer Ray DeGiorgio.

Thank you for this opportunity to testify today. I will be pleased to address any questions you may have.