

DELPHI CORP
Form 10-Q
November 10, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

**○ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____.

Commission file number: 1-14787

DELPHI CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-3430473

(I.R.S. Employer
Identification No.)

5725 Delphi Drive, Troy, Michigan

(Address of principal executive offices)

48098

(Zip Code)

(248) 813-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-Accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 30, 2008 there were 564,635,299 outstanding shares of the registrant's \$0.01 par value common stock.

WEBSITE ACCESS TO COMPANY'S REPORTS

Delphi's internet website address is www.delphi.com. Our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

DELPHI CORPORATION

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(DEBTOR-IN-POSSESSION)****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months		Nine Months	
	Ended		Ended	
	September 30,	September 30,	September 30,	September 30,
	2008	2007	2008	2007
	(in millions, except per share amounts)			
Net sales:				
General Motors and affiliates	\$ 1,366	\$ 2,031	\$ 4,490	\$ 6,441
Other customers	3,011	3,248	10,373	10,520
Total net sales	4,377	5,279	14,863	16,961
Operating expenses:				
Cost of sales, excluding items listed below	4,117	5,111	13,835	16,071
U.S. employee workforce transition program charges	22	197	76	191
GM settlement (Note 2 – MRA)	(254)		(254)	
Depreciation and amortization	206	215	635	672
Long-lived asset impairment charges	5	14	13	54
Goodwill impairment charges			168	
Selling, general and administrative	377	384	1,118	1,142
Securities & ERISA litigation charge		21		353
Total operating expenses	4,473	5,942	15,591	18,483
Operating loss	(96)	(663)	(728)	(1,522)
Interest expense (contractual interest expense for the three and nine months ended September 30, 2008 was \$128 million and \$407 million, respectively, and for the three and nine months ended September 30, 2007 was \$118 million and \$360 million, respectively)	(93)	(454)	(312)	(628)
Loss on extinguishment of debt			(49)	(23)
Other income, net	50	23	73	62
Reorganization items, net:				
GM settlement (Notes 2 and 3 – GSA)	5,332		5,332	
Professional fees and other, net (Note 3)	(24)	(39)	(162)	(120)

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Income (loss) from continuing operations before income taxes, minority interest and equity income	5,169	(1,133)	4,154	(2,231)
Income tax expense	(5)	(15)	(78)	(116)
Income (loss) from continuing operations before minority interest and equity income	5,164	(1,148)	4,076	(2,347)
Minority interest, net of tax	(5)	(11)	(28)	(35)
Equity (loss) income, net of tax	(16)	10	6	34
Income (loss) from continuing operations	5,143	(1,149)	4,054	(2,348)
Income (loss) from discontinued operations, net of tax (Note 2 and 4)	75	(20)	24	(175)
Net income (loss)	\$ 5,218	\$ (1,169)	\$ 4,078	\$ (2,523)
Basic and diluted income (loss) per share:				
Continuing operations	\$ 9.11	\$ (2.04)	\$ 7.19	\$ (4.18)
Discontinued operations	0.13	(0.04)	0.04	(0.31)
Basic and diluted income (loss) per share	\$ 9.24	\$ (2.08)	\$ 7.23	\$ (4.49)

See notes to consolidated financial statements.

Table of Contents**DELPHI CORPORATION
(DEBTOR-IN-POSSESSION)****CONSOLIDATED BALANCE SHEETS**

	September 30, 2008 (Unaudited)	December 31, 2007
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,866	\$ 1,036
Restricted cash	111	173
Accounts receivable, net:		
General Motors and affiliates	1,105	1,257
Other	2,378	2,637
Inventories, net (Note 11)	1,646	1,808
Other current assets	575	588
Assets held for sale (Note 4)	617	720
Total current assets	8,298	8,219
Long-term assets:		
Property, net	3,655	3,863
Investments in affiliates	342	387
Goodwill	239	397
Other	535	801
Total long-term assets	4,771	5,448
Total assets	\$ 13,069	\$ 13,667
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Short-term debt (Note 15)	\$ 4,314	\$ 3,495
Accounts payable	2,478	2,904
Accrued liabilities (Note 12)	2,350	2,281
Liabilities held for sale (Note 4)	406	412
Total current liabilities	9,548	9,092
Long-Term liabilities:		
Other long-term debt (Note 15)	57	59
Employee benefit plan obligations (Note 17)	442	443
Other (Note 12)	1,055	1,185
Total long-term liabilities	1,554	1,687
Liabilities subject to compromise (Note 14)	11,123	16,197

Total liabilities	22,225	26,976
Commitments and contingencies (Note 22)		
Minority interest	139	163
Stockholders' deficit:		
Common stock, \$0.01 par value, 1,350 million shares authorized, 565 million shares issued in 2008 and 2007	6	6
Additional paid-in capital	2,747	2,756
Accumulated deficit	(11,023)	(14,976)
Accumulated other comprehensive loss:		
Employee benefit plans (Note 17)	(1,319)	(1,679)
Other	300	446
Total accumulated other comprehensive loss	(1,019)	(1,233)
Treasury stock, at cost (391 thousand and 1.5 million shares in 2008 and 2007, respectively)	(6)	(25)
Total stockholders' deficit	(9,295)	(13,472)
Total liabilities and stockholders' deficit	\$ 13,069	\$ 13,667

See notes to consolidated financial statements.

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**DELPHI CORPORATION
(DEBTOR-IN-POSSESSION)**

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30, 2008 2007 (in millions)	
Cash flows from operating activities:		
Net income (loss)	\$ 4,078	\$ (2,523)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	635	672
Long-lived asset and goodwill impairment charges and loss on assets held for sale	213	54
Deferred income taxes	(36)	
Pension and other postretirement benefit expenses	561	699
Equity income	(6)	(34)
Reorganization items (Notes 2 and 3 - GSA)	(5,170)	120
GM settlement (Note 2 - MRA)	(254)	
GM warranty settlement	(107)	
U.S. employee workforce transition program charges	76	191
Loss on extinguishment of debt	49	23
Securities & ERISA litigation charge		353
Loss on liquidation/deconsolidation of investment		79
Gain on sale of investment	(32)	
Changes in operating assets and liabilities:		
Accounts receivable, net	330	(684)
Inventories, net	127	(122)
Other assets	76	(40)
Accounts payable	(324)	337
Accrued and other long-term liabilities	(130)	743
Other, net	(151)	1
U.S. employee workforce transition program payments, net of reimbursement by GM	(122)	(306)
Pension contributions	(344)	(230)
Other postretirement benefit payments	(201)	(149)
Net cash received from reorganization items	1,156	(91)
Dividends from equity investments	10	32
Discontinued operations (Note 4)	55	326
Net cash provided by (used in) operating activities	489	(549)
Cash flows from investing activities:		
Capital expenditures	(624)	(435)
Proceeds from sale of property	69	32
Proceeds from sale of investment	8	
Cost of acquisitions	(15)	

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Proceeds from sale of non-U.S. trade bank notes	177	150
Proceeds from divestitures, net	122	71
Decrease (increase) in restricted cash	62	(30)
Other, net	10	(6)
Discontinued operations	(126)	(41)
Net cash used in investing activities	(317)	(259)
Cash flows from financing activities:		
Proceeds from amended and restated debtor-in-possession facility, net of issuance cost of \$92 million	3,158	
Proceeds from refinanced debtor-in-possession facility, net of issuance cost of \$7 million		2,739
Repayments of borrowings from refinanced debtor-in-possession facility	(2,746)	
Repayments of borrowings under debtor-in-possession facility		