

DELPHI CORP
Form 10-Q
August 08, 2008

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

FORM 10-Q

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

For the quarterly period ended June 30, 2008

OR

o **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 June 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 Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(in millions, except per share amounts)			
Net sales:				
General Motors and affiliates	\$ 1,483	\$ 2,247	\$ 3,124	\$ 4,410
Other customers	3,751	3,753	7,362	7,272
Total net sales	5,234	6,000	10,486	11,682
Operating expenses:				
Cost of sales, excluding items listed below	4,821	5,654	9,718	10,960
U.S. employee workforce transition program charges (credit)	18		54	(6)
Depreciation and amortization	210	230	429	457
Long-lived asset impairment charges	5	34	8	40
Goodwill impairment charges	168		168	
Selling, general and administrative	377	394	741	758
Securities & ERISA litigation charge		332		332
Total operating expenses	5,599	6,644	11,118	12,541
Operating loss	(365)	(644)	(632)	(859)
Interest expense (contractual interest expense for the three and six months ended June 30, 2008 was \$150 million and \$279 million, respectively, and for the three and six months ended June 30, 2007 was \$118 million and \$242 million, respectively)	(109)	(84)	(219)	(174)
Loss on extinguishment of debt	(49)		(49)	(23)
Other income, net	4	19	23	39
Reorganization items	(29)	(42)	(138)	(81)
Loss from continuing operations before income taxes, minority interest and equity income	(548)	(751)	(1,015)	(1,098)
Income tax expense	(10)	(55)	(73)	(101)

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Loss from continuing operations before minority interest and equity income	(558)	(806)	(1,088)	(1,199)
Minority interest, net of tax	(12)	(12)	(23)	(24)
Equity income, net of tax	11	10	22	24
Loss from continuing operations	(559)	(808)	(1,089)	(1,199)
Income (loss) from discontinued operations, net of tax	8	(13)	(51)	(155)
Net loss	\$ (551)	\$ (821)	\$ (1,140)	\$ (1,354)
Basic and diluted loss per share:				
Continuing operations	\$ (0.99)	\$ (1.44)	\$ (1.93)	\$ (2.14)
Discontinued operations	0.01	(0.02)	(0.09)	(0.27)
Basic and diluted loss per share	\$ (0.98)	\$ (1.46)	\$ (2.02)	\$ (2.41)

See notes to consolidated financial statements.

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

	June 30, 2008 (Unaudited)	December 31, 2007
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,054	\$ 1,036
Restricted cash	121	173
Accounts receivable, net:		
General Motors and affiliates	1,108	1,257
Other	3,024	2,637
Inventories, net (Note 11)	1,737	1,808
Other current assets	677	588
Assets held for sale (Note 4)	711	720
Total current assets	8,432	8,219
Long-term assets:		
Property, net	3,811	3,863
Investments in affiliates	386	387
Goodwill	256	397
Other	784	801
Total long-term assets	5,237	5,448
Total assets	\$ 13,669	\$ 13,667
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Short-term debt (Note 15)	\$ 4,421	\$ 3,495
Accounts payable	2,951	2,904
Accrued liabilities (Note 12)	2,343	2,281
Liabilities held for sale (Note 4)	451	412
Total current liabilities	10,166	9,092
Long-Term liabilities:		
Other long-term debt (Note 15)	59	59
Employee benefit plan obligations (Note 17)	475	443
Other (Note 12)	1,160	1,185
Total long-term liabilities	1,694	1,687
Liabilities subject to compromise (Note 14)	16,244	16,197

Total liabilities	28,104	26,976
Commitments and contingencies (Note 22)		
Minority interest	145	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	(16,241)	(14,976)
Accumulated other comprehensive loss:		
Employee benefit plans (Note 17)	(1,702)	(1,679)
Other	616	446
Total accumulated other comprehensive loss	(1,086)	(1,233)
Treasury stock, at cost (391 thousand and 1.5 million shares in 2008 and 2007, respectively)	(6)	(25)
Total stockholders' deficit	(14,580)	(13,472)
Total liabilities and stockholders' deficit	\$ 13,669	\$ 13,667

See notes to consolidated financial statements.

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(DEBTOR-IN-POSSESSION)****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

	Six Months Ended June 30,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net loss	\$ (1,140)	\$ (1,354)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	429	457
Long-lived asset impairment charges	8	40
Goodwill impairment charges	168	
Deferred income taxes	(10)	19
Pension and other postretirement benefit expenses	375	482
Equity income	(22)	(24)
Reorganization items	138	81
U.S. employee workforce transition program charges (credit)	54	(6)
Loss on extinguishment of debt	49	23
Loss on assets held for sale	32	
Securities & ERISA litigation charge		332
Loss on liquidation/deconsolidation of investment		79
Changes in operating assets and liabilities:		
Accounts receivable, net	(376)	(922)
Inventories, net	36	4
Other assets	36	(42)
Accounts payable	151	399
Accrued and other long-term liabilities	53	389
Other, net	(42)	(33)
U.S. employee workforce transition program payments	(100)	(526)
U.S. employee workforce transition program reimbursement by GM		265
Pension contributions	(310)	(156)
Other postretirement benefit payments	(131)	(87)
Net payments for reorganization items	(55)	(61)
Dividends from equity investments	10	12
Discontinued operations (Note 4)	48	193
Net cash used in operating activities	(599)	(436)
Cash flows from investing activities:		
Capital expenditures	(414)	(308)
Proceeds from sale of property	47	20
Cost of acquisitions	(15)	
Proceeds from sale of non-U.S. trade bank notes	117	95
Proceeds from divestitures, net	121	

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Decrease (increase) in restricted cash	52	(10)
Other, net	(6)	(16)
Discontinued operations	(99)	(19)
Net cash used in investing activities	(197)	(238)
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		(250)
Repayments of borrowings under prepetition term loan facility		(988)
Repayments of borrowings under prepetition revolving credit facility		(1,508)
Net borrowings under amended and restated debtor-in-possession facility	311	
Net borrowings under refinanced debtor-in-possession facility		410
Net borrowings under other debt agreements	29	&nbs