

DELPHI CORP
Form 10-Q
February 13, 2007

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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, 2006
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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer . Accelerated filer . Non-accelerated filer .

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, 2006 there were 561,781,590 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 September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(in millions, except per share amounts)			
Net sales:				
General Motors and affiliates	\$ 2,598	\$ 2,954	\$ 8,884	\$ 9,760
Other customers	3,410	3,329	11,092	10,408
Total net sales	6,008	6,283	19,976	20,168
Operating expenses:				
Cost of sales, excluding items listed below	6,088	6,221	19,190	19,327
U.S. employee special attrition program charges	1,043		2,948	
Selling, general and administrative	392	424	1,155	1,230
Depreciation and amortization	272	331	814	912
Total operating expenses	7,795	6,976	24,107	21,469
Operating loss	(1,787)	(693)	(4,131)	(1,301)
Interest expense (contractual interest expense for the three and nine months ended September 30, 2006 was \$150 million and \$434 million, respectively)	(116)	(103)	(319)	(224)
Other income, net	8	17	31	44
Loss before reorganization items, income taxes, minority interest, equity (loss) income, and cumulative effect of accounting change	(1,895)	(779)	(4,419)	(1,481)
Reorganization items, net	(25)		(58)	
Loss before income taxes, minority interest, equity (loss) income, and cumulative effect of accounting change	(1,920)	(779)	(4,477)	(1,481)
Income tax expense	(46)	(8)	(137)	(65)
Loss before minority interest, equity (loss) income, and cumulative effect of accounting change	(1,966)	(787)	(4,614)	(1,546)

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Minority interest, net of tax	(4)	(11)	(28)	(27)
Equity (loss) income	(3)	10	28	44
Loss before cumulative effect of accounting change	(1,973)	(788)	(4,614)	(1,529)
Cumulative effect of accounting change			3	
Net loss	\$ (1,973)	\$ (788)	\$ (4,611)	\$ (1,529)
Basic and diluted loss per share				
Before cumulative effect of accounting change	\$ (3.51)	\$ (1.40)	\$ (8.22)	\$ (2.73)
Cumulative effect of accounting change	\$	\$	\$ 0.01	\$
Basic and diluted loss per share	\$ (3.51)	\$ (1.40)	\$ (8.21)	\$ (2.73)
Dividends declared per share	\$	\$	\$	\$ 0.045

See notes to consolidated financial statements.

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

CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (Unaudited)	December 31, 2005
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,443	\$ 2,221
Restricted cash	150	36
Accounts receivable, net:		
General Motors and affiliates	2,564	1,920
Other	2,997	2,975
Inventories, net:		
Productive material, work-in-process and supplies	1,566	1,350
Finished goods	654	524
Other current assets	478	528
Total current assets	9,852	9,554
Long-term assets:		
Property, net	4,898	5,108
Investments in affiliates	403	418
Goodwill and other intangible assets, net	425	417
Pension intangible assets	414	891
Other	699	635
Total long-term assets	6,839	7,469
Total assets	\$ 16,691	\$ 17,023
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Notes payable, current portion of long-term debt, and debt in default	\$ 3,102	\$ 3,117
Accounts payable	2,761	2,494
Accrued liabilities	2,430	1,192
Total current liabilities	8,293	6,803
Debtor-in-possession financing and other long-term debt	297	273
Employee benefit plan obligations	350	310
Other	958	651
Liabilities subject to compromise	16,664	15,074

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Total liabilities	26,562	23,111
Minority interest in consolidated subsidiaries	194	157
Stockholders' deficit:		
Common stock, \$0.01 par value, 1,350 million shares authorized, 565 million shares issued in 2006 and 2005	6	6
Additional paid-in capital	2,764	2,744
Accumulated deficit	(11,040)	(6,429)
Minimum pension liability	(1,835)	(2,395)
Accumulated other comprehensive income (loss), excluding minimum pension liability	92	(119)
Treasury stock, at cost (3.2 million shares in 2006 and 2005)	(52)	(52)
Total stockholders' deficit	(10,065)	(6,245)
Total liabilities and stockholders' deficit	\$ 16,691	\$ 17,023

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, 2006 2005 (in millions)	
Cash flows from operating activities:		
Net loss	\$ (4,611)	\$ (1,529)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	814	912
Deferred income taxes	23	19
Pension and other postretirement benefit expenses	1,189	1,149
Equity income	(28)	(44)
Reorganization items	58	
U.S employee special attrition program charges	2,948	
Changes in operating assets and liabilities:		
Accounts receivable and retained interest in receivables, net	(200)	(183)
Inventories, net	(319)	21
Other current assets	(86)	48
Accounts payable	445	(267)
Employee and product line obligations		(61)
Accrued and other long-term liabilities	(70)	162
Pension contributions and benefit payments	(219)	(680)
Other postretirement benefit payments	(182)	(138)
Net payments for reorganization items	(39)	
Other, net	55	(18)
Net cash used in operating activities	(222)	(609)
Cash flows from investing activities:		
Capital expenditures	(606)	(792)
Proceeds from sale of property	53	49
Proceeds from sale of trade bank notes	130	111
Increase in restricted cash	(110)	(13)
Proceeds from divestitures	24	245
Other, net	(6)	3
Net cash used in investing activities	(515)	(397)
Cash flows from financing activities:		
Net proceeds from term loan facility		983
Repayments of borrowings under term loan facility		(12)
Proceeds from revolving credit facility, net	2	1,484
Repayments under cash overdraft.	(29)	

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Net repayments under other debt agreements	(27)	(601)
Dividend payments		(64)
Other, net	(19)	(50)
Net cash (used in) provided by financing activities	(73)	1,740
Effect of exchange rate fluctuations on cash and cash equivalents	32	(32)
(Decrease) increase in cash and cash equivalents	(778)	702
Cash and cash equivalents at beginning of period	2,221	950
Cash and cash equivalents at end of period		