

DELPHI CORP  
Form 8-K  
March 20, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 8-K  
CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported) March 12, 2007**

**Delphi Corporation**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

1-14787

38-3430473

(State or Other Jurisdiction of  
Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

5725 Delphi Drive, Troy, MI

48098

(Address of Principal Executive Offices)

(Zip Code)

(248) 813-2000

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **ITEM 2.05 COSTS ASSOCIATED WITH EXIT AND DISPOSAL ACTIVITIES**

Delphi Corporation ( Delphi ) disclosed in its 2006 Annual Report on Form 10-K, the planned closure of a chassis and steering products manufacturing facility in Cadiz, Spain. The closure is consistent with Delphi s overall transformation plan and decisions to close or sell facilities manufacturing non-core products as well as its efforts to optimize its manufacturing footprint in order to lower its overall cost structure. Delphi also disclosed that it could incur costs for the closure based upon the outcome of negotiations with the unions representing the affected employees. The facility, which has approximately 1,600 employees, is the primary asset of Delphi s indirect wholly owned Spanish Subsidiary, Delphi Automotive Systems España, S.L. ( DASE ). On March 12, 2007, Delphi s Board of Directors authorized DASE to file a petition for Concurso, or bankruptcy, under Spanish law, exclusively for that legal entity.

On March 20, 2007, DASE filed for Concurso and informed the Spanish court and the affected employees that Delphi would voluntarily provide funds sufficient to satisfy the separation allowance to which the affected employees are entitled under applicable Spanish law. The amount is estimated by Delphi to be approximately \$70 million, which will be recorded in the first quarter of 2007 as a component of cost of sales. Delphi had previously recorded long-lived asset impairments for this facility in the fourth quarter of 2005 and does not expect to incur significant future impairments. Because Delphi has been unable to reach agreement with the unions representing the affected employees, the ultimate amount incurred with respect to and the timing of the employee separations and other associated charges cannot be finally determined until the Concurso proceedings conclude. Delphi also believes that its ability to commit to fund any severance-related payments and other closure charges in excess of the legally required minimum, depending on the amount, may be subject to the approval of the U.S. Bankruptcy Court for the Southern District of New York (the Court ), as it and certain of its United States subsidiaries are currently operating as debtors-in-possession under the Court s jurisdiction. As a result of the Concurso and Court proceedings Delphi can not at this time estimate the expected completion date of the activities discussed herein.

## **FORWARD-LOOKING STATEMENTS**

This Current Report on Form 8-K as well as other statements made by Delphi may contain forward-looking statements that reflect, when made, the Company s current views with respect to current events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company s operations and business environment which may cause the actual results of the Company to be materially different from any future results, express or implied, by such forward-looking statements. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expects, plans, anticipates, believes, estimates, predicts, potential or continue, the negative of these terms and other comparative terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company to operate pursuant to the terms of the debtor-in-possession financing facility; the terms of any reorganization plan ultimately confirmed; the Company s ability to obtain Court approval with respect to motions in the chapter 11 cases prosecuted by it from time to time; the ability of the Company to develop, prosecute, confirm and consummate one or more plans of reorganization with respect to the chapter 11 cases; the Company s ability to satisfy the terms and conditions of the Equity Purchase and Commitment Agreement (including the Company s ability to achieve consensual agreements with GM and its U.S. labor unions on a timely basis that are acceptable to the Plan Investors in their sole discretion); the Company s ability to satisfy the terms and conditions of the Plan Framework Support Agreement; risks associated with third parties seeking and obtaining Court approval to terminate or shorten the exclusivity period for the Company to propose and confirm one or more plans of reorganization, for the appointment of a chapter 11 trustee or to convert the cases to chapter 7 cases; the ability of the Company to obtain and maintain normal terms with vendors and service providers; the Company s ability to maintain contracts that are critical to its operations; the potential adverse impact of the chapter 11 cases on the Company s liquidity or results of operations; the ability of the Company to fund and execute its business plan (including the transformation plan described in Item 1. Business Potential Divestitures, Consolidations and Wind-Downs of the Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC) and to do so in a timely manner; the ability of the Company to attract, motivate and/or retain key executives and associates; the ability of the Company to avoid or continue to operate during a strike, or partial work stoppage or slow down by any of its unionized employees and the

ability of the Company to attract and retain customers. Additional factors that could affect future results are identified in the Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC including the risk factors in Part I. Item 1A. Risk Factors, contained therein. Delphi disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise. Similarly, these and other factors, including the terms of any reorganization plan ultimately confirmed, can affect the value of the Company's various prepetition liabilities, common stock and/or other equity securities. Additionally, no assurance can be given as to what values, if any, will be ascribed in the bankruptcy cases to each of these constituencies. A plan of reorganization could result in holders of Delphi's common stock receiving no distribution on account of their interest and cancellation of their interests. In addition, under certain conditions

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specified in the Bankruptcy Code, a plan of reorganization may be confirmed notwithstanding its rejection by an impaired class of creditors or equity holders and notwithstanding the fact that equity holders do not receive or retain property on account of their equity interests under the plan. In light of the foregoing, the Company considers the value of the common stock to be highly speculative and cautions equity holders that the stock may ultimately be determined to have no value. Accordingly, the Company urges that appropriate caution be exercised with respect to existing and future investments in Delphi's common stock or other equity interests or any claims relating to prepetition liabilities.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELPHI CORPORATION  
(Registrant)

Date: March 20, 2007

By: /s/ THOMAS S. TIMKO

Thomas S. Timko,  
Chief Accounting Officer and Controller