

McTevia: Delphi Gets More Time

Delphi gets more time from judge

Decision comes as buyouts progress, fuel cell goal met

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Delphi Corp. appeared to make progress Monday toward a smoother exit from bankruptcy and being a stronger company in the future with important fuel-cell technology.

The Troy-based auto-parts maker crossed one milestone Monday, winning the first of three rounds of approval from the Department of Energy for a fuel cell that could be available for commercial vehicles or other uses by 2011.

In the future, Delphi wants to be a maker of high-tech, high-profit auto parts but get out of the low-tech, money-losing operations that make up the majority of its North American business. It filed for bankruptcy court protection Oct. 8 and faced a deadline of Aug. 5 to file its reorganization plan.

But as the company makes progress on buyouts and early retirements of union employees, U.S. Bankruptcy Judge Robert Drain agreed Monday to extend Delphi's deadline to Feb. 1.

That's a good sign, said Jim McTevia, a managing member of turnaround consulting firm McTevia & Associates LLC in Bingham Farms.

"As long as the judge perceives the company is progressing along the lines of rehabilitation, the judge is going to give that company as much time as he feels is necessary," McTevia said.

Since filing for bankruptcy, Delphi has been in a tussle with its labor unions and creditors on issues ranging from canceling labor contracts that would undoubtedly ignite a costly strike, to seeking retention bonuses for its top executives.

Though Delphi has at least eight more months of bankruptcy, and the fuel-cell technology is, at best, five years away, the news Monday gave hopeful signs that the company is making progress at changing its future.

In New York, Drain agreed to give Delphi an extension to file its reorganization plan exclusively, meaning before the creditors committee can begin editing it or considering other reorganization proposals.

The creditors committee is selected from a pool of a company's largest creditors and has the responsibility of consulting, investigating and negotiating a reorganizing plan for the company.

It would have been bigger news if the judge had not granted an extension, said Douglas Duchek, a bankruptcy expert at the Bloomfield Hills-based law firm Duchek Buckley.

"It shows that the judge thinks that Delphi is capable of coming up with a serious plan for its creditors to consider," Duchek said.

So far Delphi has made progress in negotiating an attrition package with the United Auto Workers and the International Union of Electrical Workers to divest thousands of workers. Those two unions represent roughly 31,000 workers, or 90% of Delphi's U.S. hourly workforce.

Delphi spokesman Lindsey Williams said the company also is "moving forward" on negotiations with its four other unions, United Steelworkers of America, International Brotherhood of Electrical Workers, International Association of Machinists and Aerospace Workers and International Union of Operating Engineers.

"We'll be working with all of them as we work toward a comprehensive agreement," Williams said of Delphi's cost-cutting negotiations still left to finish.