

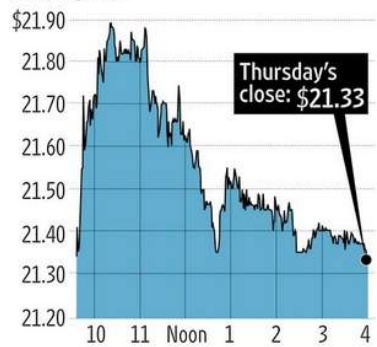


## Delphi stock declines on first day of its initial offering

Nov. 18, 2011 |

### Delphi Automotive

#### Stock price



Sources: Bigcharts.com; Yahoo.com

Detroit Free Press

Shares of Delphi [Automotive](#) fell 3% to \$21.33 Thursday on the first day of trading in an initial public offering that generated a profit of more than \$400 million for its largest shareholder, hedge fund manager John Paulson.

Trading opened at \$22, the low end of the \$22 to \$24 range the Troy-based [auto](#) supplier expected in a Securities and Exchange Commission filing this month.

Up to 24.1 million shares, or 7% of its outstanding shares, were offered, but only 14 million shares traded Thursday. None of the \$530 million raised will go to Delphi.

Delphi's largest shareholders, particularly Paulson, were the sellers. Paulson, who made billions betting on the housing market collapse with help from Goldman Sachs, became Delphi's largest shareholder by converting bonds to equity as part of the company's bankruptcy restructuring.

He paid an average of 67 cents for each of his 20.6 million shares, according to a SEC filing. If he sold all those shares to underwriters at \$22 each, he stood to make a profit of \$439 million, according to Bloomberg News.

Delphi's offering came one day before the first anniversary of General Motors' initial public offering. GM shares fell 86 cents, or 3.8%, Thursday to \$21.79, down 34% from \$33 at which they began trading one year ago today.

**Despite the lukewarm demand for the shares Thursday, there are benefits to just completing a stock offering, said Van Conway, founder of the turnaround advisory firm Conway MacKenzie.**

**"Now you have a fluid stock and it's a better vehicle to compensate key executives," Conway said. "Now it gets down to execution. If the company grows, the stock goes up."**

Delphi's IPO was underwritten by a group of about 18 banks, led by Goldman Sachs and J.P. Morgan Chase.

Delphi emerged from Chapter 11 bankruptcy in October 2009 after more than four years of restructuring in which hedge funds Silver Point Capital and Elliott Management took a controlling stake in the company. Earlier this year, the supplier bought back shares held by GM and the Pension Benefit Guaranty Corp. for about \$4.4 billion.

Delphi earned \$911 million on sales of \$12.1 billion in the first nine months of 2011, up from earnings of \$612 million on sales of \$10.2 billion in the same period of 2010.

Contact Greg Gardner: 313-222-8762 or [ggardner99@freepress.com](mailto:ggardner99@freepress.com)