



Auto cuts, tight credit cost Hayes

2nd stint in bankruptcy

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Northville-based auto supplier Hayes Lemmerz International Inc. filed for Chapter 11 bankruptcy protection Monday -- its second filing this decade -- saying it has been squeezed by production cuts in the auto industry and tightened credit markets.

"These filings will allow us to reduce our debt and restructure our balance sheet. We fully expect to emerge from Chapter 11 as a stronger, more competitive company than we are today," Hayes Lemmerz Chairman and CEO Curtis Clawson said in a statement.

The 101-year-old wheel maker filed a prepackaged bankruptcy with many of the negotiations done outside of court. The company owes \$205 million to its retiree pension and health care funds, its largest creditors.

Hayes Lemmerz negotiated a \$100-million loan from its current lenders to pay for its reorganization. After the reorganization, Hayes Lemmerz's lenders are expected to own the company. Existing stock -- trading at 12 cents Tuesday -- is expected to be canceled.

Hayes Lemmerz had 8,900 employees in March 2008. Since then it cut back its workforce to 6,400 employees at 23 locations, including 115 people at its Northville headquarters.

In a court filing, the company said it is trying to sell closed plants in Howell, as well as Indiana and Georgia, and a closed research center in Ferndale.

Suppliers across the industry are adjusting their businesses to auto sales that are almost half of what they were in 2007, which has sunk revenue.

"Hopefully they've made the requisite level of cuts, they've right-sized the business enough and it's really just a top-line problem now," said Steven Wybo, managing director at Conway, MacKenzie & Dunleavy.

Hayes Lemmerz filed for Chapter 11 protection in December 2001 after it racked up too much debt in acquisitions and couldn't integrate all of its divisions, which made brakes, powertrain parts and suspension components.

In June 2003, Hayes Lemmerz emerged from bankruptcy and narrowed its business to wheels for light vehicles and commercial trucks.

Hayes Lemmerz' revenue fell 10% to \$1.9 billion in its 2008 fiscal year, which ended Jan. 31 this year. During the year, it lost \$372 million, compared with a \$194.4-million loss for its previous fiscal year.

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