



Serving Oakland County

Business

Metaldyne files for Chapter 11

Friday, May 29, 2009

By JOSEPH SZCZESNY
Of The Oakland Press

Metaldyne Corp. has followed Visteon Corp. into bankruptcy as the shock waves from the hefty decline in car sales continue to reverberate through the local industry.

However, Metaldyne said Thursday it had lined up buyers for its U.S. operations, which had been transferred to Tokyo-based Asahi Tec in 2007, and secured debtor-in-possession financing from Deutsche Bank.

Van Conway, a Birmingham-based turnaround specialist with Conway, MacKenzie and Dunleavy, said the fact debtor financing is available indicates bankers are now willing to extend some credit to distressed suppliers.

“Six weeks ago, they wouldn’t have done it,” he said.

Creditors are now convinced the Obama administration is fully committed to a broad — if expensive — effort to rescue the domestic auto industry.

The filing does not include the company’s non-U.S. entities or operations. Asahi Tec Corporation, Plymouth-based Metaldyne’s parent company, is not part of the Chapter 11 filing.

“We are grateful for the support Asahi Tec has provided since it purchased Metaldyne in 2007, particularly in connection with how Asahi Tec helped us to eliminate approximately \$400 million of debt from our balance sheet,” said Thomas Amato, Metaldyne chairman, president and chief executive officer.

Since the acquisition, Asahi Tec has contributed to the significant deleveraging of Metaldyne, from its original debt of just less than \$1 billion to long-term debt today of less than \$600 million.

“Unfortunately, despite this significant debt reduction, the impact from the macroeconomic environment of declining industry volumes, a tight credit market and the uncertainty in the marketplace were simply too large to overcome without a broader in-court restructuring,” Amato said.

“Selling operations is the best way to preserve as many jobs as possible, serve our customers and allow certain of our operations to emerge from bankruptcy in a matter of

months,” said Amato.

“The operations we are selling have strong product portfolios, advanced technologies and continue to perform well operationally.”

Metaldyne has secured an \$18.5 million debtor-in-possession (DIP) financing facility that will be provided by Deutsche Bank AG, New York, with help from Metaldyne’s major customers.

Metaldyne had revenues in 2008 of approximately \$1.57 billion. It employs more than 4,400 employees at 33 facilities in 14 countries. For more information go to **www.metaldyne.com**.

Visteon, a Ford Motor Co. spinoff, also said Thursday its operations had filed for bankruptcy.

No Visteon subsidiaries or joint ventures outside the U.S. are part of the filing.

“Visteon is taking this step to maximize the long-term value of the company,” said Donald Stebbins, chairman and chief executive officer. “During the reorganization period, we will seek to address our capital structure and legacy costs that are not sustainable given the current economic environment,” he said.

The Van Buren Township-based company was spun off in 2000 by the Ford Motor Co. but has struggled to create its own identity.

Ford has agreed to supply debtor financing during the current bankruptcy.

*Contact staff writer Joseph Szczesny at (248) 745-4650 or **joe.szczesny@oakpress.com**.*