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AUTOS

## Chassis Negotiating Prearranged Bankruptcy Filing

Auto-parts supplier is working to finalize restructuring plan with creditors

By MATT JARZEMSKY and MIKE SPECTOR

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Chassis Inc., a supplier of steering knuckles, control arms and brake components to large auto makers, is working to finalize a restructuring plan with creditors and seek bankruptcy protection as soon as next week, said people familiar with the matter.

The Southfield, Mich., company, owned by private-equity firm Platinum Equity LLC, is negotiating a prearranged bankruptcy plan that would hand ownership stakes to creditors in exchange for forgiving debt and rework contracts with big auto makers including General Motors Co. and Ford Motor Co., the people said. The company aims to have the plan in place before a bankruptcy filing with a goal of streamlining its trip through court.

Chassis, which employs more than 4,000 people world-wide, is in discussions with banks and bondholders for more than \$200 million in financing that would help it keep operating during bankruptcy proceedings, some of the people said. The company hopes to finalize a restructuring deal by March 4, when a grace period on a skipped \$17 million debt payment expires, the people said. Overall, Chassis is looking to restructure about \$525 million in bond debt, they added.

The discussions are fluid and the contours of the deal could change, people familiar with the talks said. A deal and subsequent bankruptcy filing isn't assured, especially given the array of parties involved, they said.

Chassis said it is "actively engaged in constructive discussions with certain of our lenders and noteholders, along with our major customers, to develop a comprehensive

plan" intended to improve the company's finances. The company said it continues to operate normally and deliver parts to customers.

Chassix is looking to rework agreements with auto makers to get better prices, production schedules and other terms that would put it on better financial footing, the people said. The company at times has to fly parts to customers and employ consultants from auto makers to improve factory operations.

The company faces a better landscape these days for extracting concessions from auto makers. U.S. sales of light-duty cars and trucks topped 16.5 million last year, a significant rebound from 2008 and 2009, when GM and Chrysler nearly ran out of cash and had to resort to government bailouts and bankruptcy restructurings.

Detroit's auto giants are far healthier these days, with GM for one facing questions from investors and analysts over whether to return to shareholders some of a \$25 billion cash pile. Auto makers, though, are also in a position to negotiate tough terms with suppliers given their better financial condition.

Chassix was formed in 2013 when Platinum, run by Detroit Pistons basketball team owner Tom Gores, merged two companies it previously bought.

Despite increased demand and revenue, the supplier has been losing money amid operational woes and a burdensome debt load. A plant in Bristol, Ind., has been particularly problematic, some of the people said. The company has explored selling that plant but has had trouble drumming up interested buyers, they added.

Chassix supplies key parts to an array of auto makers including GM and Ford for vehicles such as hot-selling pickup trucks. A hiccup in production and parts delivery could hinder auto makers' own manufacturing and sales efforts.

A GM spokesman said the company doesn't expect any disruption from Chassix's financial woes.

A Ford spokeswoman said the company continues "to work with Chassix as a long-term Ford supplier" and doesn't anticipate the restructuring to affect its operations.

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