

AMERICAN AXLE & MANUFACTURING HOLDINGS INC

Form 10-Q/A

November 20, 2002

**Table of Contents**

---

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**AMENDMENT NO. 1**

**FORM 10-Q/A**

- x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2002**

OR

- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-14303

---

**AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**36-3161171**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**1840 Holbrook Avenue, Detroit, Michigan**

**48212-3488**

(Address of principal executive offices)

(Zip Code)

**(313) 974-2000**

(Registrant's telephone number,  
including area code)

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x

No o

The number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of October 31, 2002, the latest practicable date, was 49,726,180 shares.

---



**TABLE OF CONTENTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
SIGNATURES  
CERTIFICATIONS

---

**Table of Contents**

**EXPLANATORY NOTE**

This Amendment No. 1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2002 amends the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations-Company Overview included in Part I - Financial Information, to correct an inadvertent typographical error with respect to our expected DaimlerChrysler sales in 2003, formerly reported as approximately 4% and which should have been reported as approximately 10%. No other corrections or changes have been made to the Form 10-Q for the period ended September 30, 2002.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This management's discussion and analysis (MD&A) should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and notes thereto appearing elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2001.

Unless the context otherwise requires, references to we, us, AAM or the Company shall mean collectively (i) American Axle & Manufacturing Holdings, Inc. ( Holdings ), a Delaware corporation, and (ii) American Axle & Manufacturing, Inc. ( AAM Inc. ), a Delaware corporation, and its direct and indirect subsidiaries. Holdings has no other subsidiaries other than AAM Inc.

**COMPANY OVERVIEW**

We are a premier Tier 1 supplier to the automotive industry and a worldwide leader in the manufacture, engineering, design and validation of driveline systems and related components and modules for light trucks, SUVs and passenger cars. Driveline systems include all of the components that transfer power from the transmission and deliver it to the drive wheels. Driveline and related products produced by us include axles, modules, driveshafts, chassis and steering components, driving heads, crankshafts, transmission parts and forged products. In addition to our 14 locations in the United States (in Michigan, New York and Ohio), we also have offices and facilities in Brazil, England, Germany, Japan, Mexico and Scotland.

We are the principal supplier of driveline components to GM for its rear-wheel drive ( RWD ) light trucks and SUVs manufactured in North America, supplying substantially all of GM's rear axle and front four-wheel drive/all-wheel drive ( 4WD/AWD ) axle requirements for these vehicle platforms in the third quarter of 2002. As a result of our Component Supply Agreement ( CSA ) and Lifetime Program Contracts with GM ( LPCs ), we are the sole-source supplier to GM for certain axles and other driveline products for the life of each GM vehicle program covered by an LPC.

We sell most of our products under long-term contracts with prices established at the time the contracts were entered into. Some of our contracts require us to reduce our prices in subsequent years and all of our contracts allow us to negotiate price increases for engineering changes. We do not believe that price reductions offered to our customers will have a material adverse impact on our future operating results because we intend to offset such price reductions through purchased material cost reductions and other productivity improvements.

Substantially all of our sales to GM are made pursuant to the LPCs. The LPCs have terms equal to the lives of the relevant vehicle programs or their respective derivatives, which typically run 6 to 12 years, and require us to remain competitive with respect to technology, design and quality. We will continue to compete for future GM business upon the termination of the LPCs or the CSA.

Sales to GM increased approximately 11% to \$2.2 billion in the first three quarters of 2002 as compared to \$2.0 billion in the first three quarters of 2001. Sales to GM represented approximately 87% of our total sales in the first three quarters of 2002 which is consistent with our GM concentration of 87% for the full year 2001.

**Table of Contents**

We also supply driveline systems and other related components to DaimlerChrysler, Ford Motor Company, Nissan, Renault, Delphi Corporation, PACCAR and other original equipment manufacturers ( OEMs ) and Tier I supplier companies. Our sales to customers other than GM increased approximately 9% to \$337.7 million in the first three quarters of 2002 as compared to \$308.6 million in the first three quarters of 2001. Sales to customers other than GM increased significantly in the third quarter of 2002 and we expect continued growth in the fourth quarter of 2002 and in 2003 as we launch several new high-volume 4WD/AWD driveline products for DaimlerChrysler and other OEMs and Tier 1 supplier companies. The most significant of these new product programs is our launch of new products to support the Dodge Ram program. As a result of the Dodge Ram program, we expect our sales to DaimlerChrysler to be approximately 10% of our total sales in 2003 as compared to approximately 4% in 2002 and less than 1% in 2001 and all previous years.

**RESULTS OF OPERATIONS THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2001**

*Net Sales.* Net sales were \$828.7 million in the third quarter of 2002 as compared to \$743.5 million in the third quarter of 2001. This 11% increase in sales in the third quarter of 2002 compares to an estimated 11% increase in North American light vehicle production and an 11% increase in light truck production by GM. Sales to GM were also positively impacted by the launch of the Hummer H2 and negatively impacted by the discontinuance of the Firebird/Camaro program. Sales to customers other than GM increased approximately 63% in the third quarter of 2002 as compared to the third quarter of 2001 primarily due to our launch of new products supporting the Dodge Ram program.

Our content-per-vehicle increased approximately 3% to \$1,138 in the third quarter of 2002 as compared to \$1,102 in the third quarter of 2001. The penetration rate of our 4WD/AWD systems increased to 57.1% in the third quarter of 2002 as compared to 55.6% in the third quarter of 2001. Content-per-vehicle was negatively impacted by a product mix shift in GM light truck production in the third quarter of 2002. A significant portion of our unit volume growth in the third quarter of 2002 as compared to the third quarter of 2001 was related to an increase in production of GM's mid-sized SUVs (such as the Chevrolet Trailblazer and GMC Envoy). Although these vehicles carry a higher than average 4WD/AWD penetration rate, these products generate a lower-than-average content-per-vehicle which impacted our sales growth in the third quarter of 2002. Content-per-vehicle and 4WD/AWD penetration rate were positively impacted in the third quarter of 2002 by our launch of new products supporting the Dodge Ram program.

*Gross Profit.* Gross profit increased approximately 17% to \$112.3 million in the third quarter of 2002 as compared to \$95.7 million in the third quarter of 2001. Gross margin increased to 13.6% of sales in the third quarter of 2002 as compared to 12.9% in the third quarter of 2001. The increases in gross profit and gross margin were primarily due to the impact of higher production volumes, productivity improvements and tight cost controls, including reductions in purchased material costs.

*Selling, General and Administrative Expenses ( SG&A ).* SG&A (including research and development) increased to \$43.6 million or 5.3% of sales in the third quarter of 2002 as compared to \$40.6 million or 5.5% of sales in the third quarter of 2001. Almost all of this increase in SG&A was due to increased profit-sharing accruals resulting from our increased profitability as compared to the third quarter of 2001.

---

**Table of Contents**

Research and development spending ( R&D ) increased approximately 6% to \$13.3 million in the third quarter of 2002 as compared to \$12.5 million for the third quarter of 2001. The focus of this increasing investment continues to be our development of new product, process and systems technologies to improve the efficiency and flexibility of our operations in order to continue to deliver innovative new products, modules and integrated driveline systems to our customers. The development and continuing enhancement of our independent front and rear drive chassis suspension modules ( IFDA and IRDA ) and several rear axle systems featuring 4-wheel steering (including our new I-Ride™ chassis module and our conventional and multi-link rear-steerable beam axle) are current examples of high value-added technology-based products that have resulted from our commitment to improve the performance and design flexibility of our customers' products. As a result of our commitment to these and other R&D initiatives, we generated approximately 80% of our total sales in the third quarter of 2002 from new axle and related driveline system components introduced by us since July 1998.

*Operating Income.* Operating income increased approximately 27% to \$68.7 million in the third quarter of 2002 as compared to \$54.1 million in the third quarter of 2001. Operating margin increased to 8.3% in the third quarter of 2002 as compared to 7.3% in the third quarter of 2001. The increases in operating income and operating margin were primarily due to the factors discussed above relating to the increase in gross profit, partly offset by higher SG&A expenses.

Operating income was also favorably impacted by our adoption of FASB Statement No. 142, Goodwill and Other Intangible Assets, on January 1, 2002. Under FASB Statement No. 142, we no longer amortize goodwill. Instead, we will periodically evaluate goodwill and any other acquired intangible assets for impairment. The impact of no longer amortizing goodwill resulted in a \$1.0 million increase in operating income in the third quarter of 2002.

*EBITDA.* Income from continuing operations before interest expense, income taxes, depreciation and amortization ( EBITDA ) increased approximately 26% to \$108.5 million in the third quarter of 2002 as compared to \$86.3 million in the third quarter of 2001. EBITDA margin increased to 13.1% in the third quarter of 2002 as compared to 11.6% in the third quarter of 2001. The increases in EBITDA and EBITDA margin were primarily due to the factors discussed above relating to the increase in gross profit, partly offset by higher SG&A expenses.

EBITDA and EBITDA margin should not be construed as income from operations, net income or cash flow from operating activities as determined by generally accepted accounting principles. Other companies may calculate EBITDA differently.

*Net Interest Expense.* Net interest expense was \$13.2 million in the third quarter of 2002 as compared to \$14.7 million in the third quarter of 2001. We have reduced our borrowings in 2002 as a result of our increased operating cash flow and lower capital spending levels. Net interest expense was also favorably impacted by the lower average interest rates in effect in the third quarter of 2002.

*Income Tax Expense.* Income tax expense was \$20.6 million in the third quarter of 2002 as compared to \$14.6 million in the third quarter of 2001. Our effective income tax rate was approximately 36.0% in the third quarter of 2002 and 36.4% in the third quarter of 2001.

*Net Income and Earnings Per Share.* Net income increased approximately 43% to \$36.5 million in the third quarter of 2002 as compared to \$25.5 million in the third quarter of 2001. Diluted earnings per share increased to \$0.70 in the third quarter of 2002 as compared to \$0.51 in the third quarter of 2001.

---

**Table of Contents**

**RESULTS OF OPERATIONS NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2001**

*Net Sales.* Net sales were \$2.6 billion in the first three quarters of 2002 as compared to \$2.3 billion in the first three quarters of 2001. This 11% increase in sales in the first three quarters of 2002 compares to an estimated 7% increase in North American light vehicle production and a 17% increase in light truck production by GM. Sales to GM were also positively impacted by the launch of the Hummer H2 and negatively impacted by the discontinuance of the Firebird/Camaro program. Sales to customers other than GM increased approximately 9.4% in the first three quarters of 2002 as compared to the first three quarters in 2001 primarily due to our launch of new products supporting the Dodge Ram program.

Our content-per-vehicle increased to \$1,124 in the first three quarters of 2002 as compared to \$1,114 in the first three quarters of 2001. The penetration rate of our 4WD/AWD systems increased to 57.2% in the first three quarters of 2002 as compared to 54.4% in the first three quarters of 2001. Content-per-vehicle was negatively impacted by a product mix shift in GM light truck production in the first three quarters of 2002. A significant portion of our unit volume growth in the first three quarters of 2002 as compared to the first three quarters of 2001 was related to an increase in production of GM's mid-sized SUVs (such as the Chevrolet Trailblazer and GMC Envoy). Although these vehicles carry a higher than average 4WD/AWD penetration rate, these products generate a lower-than-average content-per-vehicle which impacted our sales growth in the first three quarters of 2002. Content-per-vehicle and 4WD/AWD penetration rate were also positively impacted by our launch of new products supporting the Dodge Ram program.

*Gross Profit.* Gross profit increased approximately 19% to \$362.5 million in the first three quarters of 2002 as compared to \$305.7 million in the first three quarters of 2001. Gross margin increased to 14.1% of sales in the first three quarters of 2002 as compared to 13.2% in the first three quarters of 2001. The increases in gross profit and gross margin were primarily due to the impact of higher production volumes, productivity improvements and tight cost controls, including reductions in purchased material costs.

*Selling, General and Administrative Expenses.* SG&A (including research and development) increased to \$134.3 million or 5.2% of sales in the first three quarters of 2002 as compared to \$124.3 million or 5.4% of sales in the first three quarters of 2001. Most of this increase in SG&A was due to increased profit-sharing accruals resulting from our increased profitability as compared to the first three quarters of 2001.

R&D spending increased approximately 4% to \$40.4 million in the first three quarters of 2002 as compared to \$38.9 million in the first three quarters of 2001. The increase in our R&D spending in the first three quarters of 2002 as compared to the first three quarters of 2001 was primarily due to the factors discussed above relating to the increased spending for the third quarter of 2002. We generated approximately 76% of our total sales in the first three quarters of 2002 from newer technology-based products introduced by us in the North American light vehicle market since July 1998.

*Operating Income.* Operating income increased approximately 28% to \$228.2 million in the first three quarters of 2002 as compared to \$178.4 million in the first three quarters of 2001. Operating margin increased to 8.9% in the first three quarters of 2002 as compared to 7.7% in the first three quarters of 2001. The increases in operating income and operating margin were primarily due to the factors discussed above relating to the increase in gross profit, partly offset by higher SG&A expenses.

---



**Table of Contents**

Operating income was also impacted by our adoption of FASB Statement No. 142, Goodwill and Other Intangible Assets, on January 1, 2002. Under FASB Statement No. 142, we no longer amortize goodwill. Instead, we will periodically evaluate goodwill and any other acquired intangible assets for impairment. The impact of no longer amortizing goodwill resulted in a \$3.0 million increase in operating income in the first three quarters of 2002.

*EBITDA.* EBITDA increased approximately 23% to \$335.4 million in the first three quarters of 2002 as compared to \$273.4 million in the first three quarters of 2001. EBITDA margin increased to 13.1% in the first three quarters of 2002 as compared to 11.8% in the first three quarters of 2001. The increases in EBITDA and EBITDA margin were primarily due to the factors discussed above relating to the increase in gross profit, partly offset by higher SG&A expenses.

EBITDA and EBITDA margin should not be construed as income from operations, net income or cash flow from operating activities as determined by generally accepted accounting principles. Other companies may calculate EBITDA differently.

*Net Interest Expense.* Net interest expense was \$37.0 million in the first three quarters of 2002 as compared to \$47.2 million in the first three quarters of 2001. We have reduced borrowings in 2002 as a result of our increased operating cash flow and lower capital spending levels. Net interest expense was also favorably impacted by the lower average interest rates in effect in the first three quarters of 2002.

*Income Tax Expense.* Income tax expense was \$69.7 million in the first three quarters of 2002 as compared to \$48.0 million in the first three quarters of 2001. Our effective income tax rate was approximately 36.0% in the first three quarters of 2002 and 36.5% in the first three quarters of 2001.

*Net Income and Earnings Per Share.* Net income increased approximately 48% to \$123.9 million in the first three quarters of 2002 as compared to \$83.5 million in the first three quarters of 2001. Diluted earnings per share increased to \$2.39 in the first three quarters of 2002 as compared to \$1.74 in the first three quarters of 2001.

**LIQUIDITY AND CAPITAL RESOURCES**

Our primary liquidity needs are to fund capital expenditures and debt service and to support working capital requirements in our expanding operations. We rely principally upon operating cash flow and borrowings under our primary credit facilities to meet these needs. We believe that cash flow available from these sources will be sufficient to meet our projected capital expenditures, debt service obligations and working capital requirements in the foreseeable future.

*Cash Flow from Operations.* Net cash provided by operating activities increased to \$233.1 million in the first three quarters of 2002 as compared to \$107.3 million in the first three quarters of 2001. After adjusting our earnings for the non-cash impact of depreciation and amortization, deferred income taxes, pensions and other postretirement benefits, we generated \$76.0 million of additional operating cash flow in the first three quarters of 2002 as compared to the first three quarters of 2001.

---

**Table of Contents**

Another major factor in our improved operating cash flow performance was the impact of our final change in payment terms with GM on March 1, 2001 from net 20 days to net 25th proximo. That change in payment terms adversely impacted our operating cash flow in the first quarter of 2001 by approximately \$90 million.

Accounts receivable increased \$127.2 million at September 30, 2002 as compared to year-end 2001. This increase was primarily due to increased sales activity in the third quarter of 2002 as compared to the fourth quarter of 2001, including the activity relating to the launch of our new products supporting the Dodge Ram program.

Our accounts receivable allowance was \$7.7 million at September 30, 2002 as compared to \$12.7 million at year-end 2001. The accounts receivable allowance at September 30, 2002 reflects the settlement of several nonroutine pricing adjustments and cost recoveries in 2002 with our customers that were specifically reserved at year-end 2001.

Inventories at September 30, 2002 reflect increases as compared to year-earlier levels that were necessary to support new product launches, including the Dodge Ram program. We have also elected to increase stocks of certain components to manage daily production volumes and avoid premium operating costs in advance of unusually high customer demand for certain products in the fourth quarter of 2002. There were no significant changes in our inventory valuation allowances in the first three quarters of 2002.

Our operating cash flow in the first three quarters of 2002 also benefited from reduced funding of supplier payments and other accrued expenses. The primary drivers of the reduced funding requirement for supplier payments include a significant reduction in capital spending and favorable changes in supplier payment terms.

Prepaid expenses and other assets increased \$29.9 million at September 30, 2002 as compared to year-end 2001 primarily due to the recognition of refundable federal income taxes determined in connection with the completion and filing of our 2001 income tax returns and the confirmation of state policy to refund certain state tax credits within one year.

*Investing Activities.* Capital expenditures were \$157.9 million in the first three quarters of 2002 as compared to \$306.8 million in the first three quarters of 2001. As discussed above, we significantly reduced the rate of capital spending beginning in the second half of 2001 and expect to limit our capital expenditures to between \$225 million and \$250 million in 2002.

Our largest capital projects in 2002 include our investment to support the Dodge Ram program and GM's launch of the Hummer H2 and the new extended versions of its mid-sized SUVs (GMC Envoy XL and Chevrolet Trailblazer EXT). Capital spending in 2002 also includes expenditures required to support GM's 2003 launch of new mid-sized pick-up trucks (including the Chevrolet S-10 and GMC Sonoma replacements), the construction of our new world headquarters in Detroit, Michigan and the completion of a forging facility and sequencing center adjacent to our Silao, Mexico manufacturing facility. Although we will continue to make strategic investments to support new manufacturing processes, systems and technologies, and to improve product designs and achieve operating cost reductions, we have been able to reduce our current capital spending rate because we have substantially completed the process of rebuilding our facilities to support our long-term production requirements.

---

**Table of Contents**

Our investing activities also included \$35.4 million of optional purchase buyouts of leased manufacturing equipment. The manufacturing equipment purchased in these transactions was originally sold under sale-leaseback agreements in 1996 and 1997.

*Financing Activities.* Net cash used by financing activities was \$43.8 million in the first three quarters of 2002 as compared to a net source of \$169.6 million in the first three quarters of 2001. Total long-term debt outstanding decreased by \$55.2 million in the first three quarters of 2002 to \$823.0 million at September 30, 2002. Improved operating cash flow performance and a lower level of capital spending were the primary reasons why our net borrowings were lower in the first three quarters of 2002 as compared to the first three quarters of 2001.

With respect to the Bank Credit Facilities, \$372.5 million was outstanding under the Term Loan and \$45.0 million was outstanding under the Revolver at September 30, 2002. At September 30, 2002, we had additional borrowing capacity of \$333.8 million under the Bank Credit Facilities, all of which was available under the Revolver. Additionally at September 30, 2002, \$70.0 million was outstanding and an additional \$83.0 million was available to us under the Receivables Facility.

The weighted average interest rate of our long-term debt outstanding was approximately 5.9% at September 30, 2002 and approximately 6.0% at December 31, 2001.

*Secondary Stock Offering.* On March 21, 2002, we priced a secondary offering of 8.0 million shares of common stock owned by Blackstone Capital Partners II Merchant Banking Fund L.P. and its affiliates ( Blackstone ) and 1.5 million shares of common stock by Richard E. Dauch, AAM's Co-Founder, Chairman of the Board and Chief Executive Officer. We did not sell any shares and did not receive any of the proceeds from the sale of shares by the selling stockholders.

After completion of the offering on March 27, 2002, Blackstone beneficially owned approximately 27% of our common stock.

After completion of the offering on March 27, 2002, Mr. Dauch beneficially owned approximately 14% of our common stock and remains the largest holder of our common stock other than Blackstone.

*Insurance claim.* On July 14, 2002 a fire occurred at our Detroit Forge facility. There were no resulting injuries and the fire did not affect our ability to meet customer demand. The property damage and business interruption costs related to the fire are fully insured beyond our \$1.0 million deductible. The third quarter 2002 results include a charge of \$1.0 million to recognize the insurance deductible amount related to our insurance claim for this event.

*Credit Ratings Upgrade.* In March 2002, Moody's Investors Service ( Moody's ) upgraded its rating on our 9.75% senior subordinated notes due March 2009 to Ba3 from B1. Moody's also improved our ratings outlook to positive, from stable, and confirmed our Ba2 rating on our senior debt.

In March 2002, Standard & Poor's ( S&P ) revised our ratings outlook to positive, from stable, and affirmed its BB corporate credit rating on our senior debt.

In October 2002, S&P raised our corporate credit rating and senior secured debt rating from BB to BB+. In addition, S&P raised our corporate credit rating on our subordinated debt from B+ to BB-.

**Table of Contents**

**CYCLICALITY AND SEASONALITY**

Our operations are cyclical because they are directly related to worldwide automotive production, which is itself cyclical and dependent on general economic conditions and other factors. Our business is also moderately seasonal as our major OEM customers historically have a two-week shutdown of operations in July and approximately a one-week shutdown in December. In addition, OEM customers have historically incurred lower production rates in the third quarter as model changes enter production. Accordingly, our third quarter results reflect these trends and our fourth quarter may be affected as well.

**LITIGATION AND ENVIRONMENTAL REGULATIONS**

We are involved in various legal proceedings incidental to our business. Although the outcome of these matters cannot be predicted with certainty, we do not believe that any of these matters, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flow.

GM has agreed to indemnify and hold us harmless from certain environmental issues identified as potential areas of environmental concern at March 1, 1994. GM has also agreed to indemnify us, under certain circumstances, for up to 10 years from such date with respect to certain pre-closing environmental conditions. Based on our assessment of costs associated with our environmental responsibilities, including recurring administrative costs, capital expenditures and other compliance costs, we do not expect such costs to have a material effect on our financial condition, results of operations, cash flow or competitive position in the foreseeable future.

**EFFECT OF NEW ACCOUNTING STANDARDS**

*FASB Statement No. 142.* As noted above, we adopted FASB Statement No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002. Under the transitional provisions of FASB Statement No. 142, we completed our initial goodwill impairment test in the second quarter of 2002. No impairment was indicated as a result of our goodwill impairment test.

*FASB Statement No. 144.* Effective January 1, 2002, we adopted FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. FASB Statement No. 144 supersedes FASB Statement No. 121 as well as certain provisions of APB Opinion No. 30. The main objective of FASB Statement No. 144 is to further clarify certain provisions of FASB Statement No. 121 relating to the impairment of long-lived assets. FASB Statement No. 144 also includes more stringent requirements for classifying assets available for disposal and expands the scope of activities that will require discontinued operations reporting. The adoption of FASB Statement No. 144 did not have a significant impact on our results of operations or financial position in the first three quarters of 2002.

*FASB Statement No. 146.* In June, 2002, the FASB issued Statement No. 146, *Accounting for Costs Associated With Exit or Disposal Activities*. FASB Statement No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. The main difference between EITF Issue No. 94-3 and FASB Statement No. 146 relates to the requirements for recognition of a liability for costs associated with an exit or disposal activity. FASB Statement No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The provisions of this Statement are effective for exit or disposal activities initiated after December 31, 2002.

---

**Table of Contents**

10

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.**  
(Registrant)

Date: November 20, 2002

By: /s/ Robin J. Adams

---

Robin J. Adams  
Executive Vice President Finance &  
Chief Financial Officer  
(also in the capacity of Chief Accounting Officer)

---

**Table of Contents**

**CERTIFICATIONS**

I, Richard E. Dauch, Co-Founder, Chairman of the Board and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of American Axle & Manufacturing Holdings, Inc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 20, 2002

By: /s/ Richard E. Dauch

Richard E. Dauch

Co-Founder, Chairman of the Board and Chief Executive Officer

(Principal Executive Officer)

**Table of Contents**

12

I, Robin J. Adams, Executive Vice President Finance and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of American Axle & Manufacturing Holdings, Inc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 20, 2002

By: /s/ Robin J. Adams

Robin J. Adams

Executive Vice President Finance and Chief Financial Officer

(Principal Financial Officer)