'Finish line' ahead for Kaiser....Judge approves reorganization plan

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A federal bankruptcy judge in Delaware approved Kaiser Aluminum Corp.'s reorganization plan Monday. Though the company remains a few steps from exiting its protracted Chapter 11, CEO Jack Hockema said in a press release that the judge's ruling "means that the finish line is within sight." Kaiser sought protection from creditors four years ago with debts of more than $3.1 billion, ranking it among the largest corporate failures in a dismal 2002. Hockema has said the company will exit bankruptcy during the first part of this year. A specific date has not been set and the company still needs its bankruptcy plan blessed by a federal district judge to ensure it satisfies the company's weighty asbestos issues, which at one point were believed to affect about a quarter-million people. The company inherited much of its asbestos problems from operations that were discontinued decades ago.

Though Kaiser's current stockholders will have their equity wiped out by the bankruptcy, the newly reorganized Kaiser will be listed on the Nasdaq exchange, said spokesman Geoff Mordock. A ticker symbol has not yet been selected. Much of the new company's stock will be held by two trusts set up to fund union and salary benefit programs that Kaiser shed as part of its bankruptcy – a controversial maneuver that cut retiree medical plans and the retirement packages that current workers banked as part of their compensation packages. The company hopes that with little debt and ample cash reserves, it can capitalize on growing demand for its aluminum sheet and plate that aircraft makers and engineering firms need.

The company is high on the prospects for its Trentwood rolling mill, the World War II-era factory in Spokane Valley that has been retrofitted to turn out high-grade products. The numbers of Steelworkers and management at the plant swelled during the past year and the company is spending $75 million on new equipment for the facility.

To get its reorganization plan confirmed, the company has shrunk significantly. It is no longer one of the largest metal concerns in the world, selling off bauxite mines, alumina refineries and aluminum smelters to repay banks and other creditors. Kaiser does retain a 49 percent stake in a smelter in Wales. Other properties, such as the smelters in Mead and Tacoma, were sold.

The company also announced recently that its chief financial officer, Kerry Shiba, resigned after having a relationship with another employee that the company determined to be inappropriate. Shiba's departure in late January was not related to Kaiser's financial statements, performance, condition or the company's internal controls, the company stated in a news release. Shiba's duties will fall to three senior executives until a replacement is hired.