

- IF YOU MEET THE CLASS DEFINITION, YOU ARE A MEMBER OF THE CLASS AND YOU WILL BE BOUND BY THE SETTLEMENT AND THE RELEASES THAT ARE GIVEN PURSUANT THERETO, UNLESS YOU ACT TO EXCLUDE YOURSELF PURSUANT TO THE INSTRUCTIONS IN SECTION VII BELOW. IF YOU WISH TO REMAIN A MEMBER OF THE CLASS AND TO BE BOUND BY THE SETTLEMENT AND RELEASES, YOU DO NOT NEED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE OTHER THAN WHAT IS OUTLINED IN SECTION VIII BELOW TO ESTABLISH THE DOLLAR AMOUNT OF YOUR CLAIM.
- NO DETERMINATION HAS BEEN MADE ON THE MERITS OF THE CASE. ANY FINAL JUDGMENT WILL BIND ALL MEMBERS OF THE CLASS EXCEPT THOSE MEMBERS WHO ACT TO EXCLUDE THEMSELVES NOW.
- YOU MAY OBTAIN MORE DETAILED INFORMATION ABOUT THE ACTION BY ACCESSING THE COURT FILE.

II. NATURE OF THE ACTION AND STATUS OF THE PROCEEDINGS

The Second Amended Class Action Complaint (the "Complaint"), which was filed in the Action on April 28, 2004, alleges that, during the Class Period, the Company (and those acting on its behalf) engaged in manipulative accounting practices and violated generally accepted accounting principals in numerous ways, including, but not limited to: (a) failure to record trade payables and claims; (b) improper deferral of operating expenses; (c) overvaluation of inventory; (d) understatement of customer credits; (e) failure to establish sufficient purchase accounting reserves in connection with acquisitions; (f) failure to record impairments of fixed assets and goodwill; and (g) overstatement of deferred tax assets.

The Complaint alleges that these improper and manipulative accounting practices caused Hayes' published financial statements during the Class Period – which were publicly disseminated in the Company's Form 10-K and Form 10-Q filings with the Securities and Exchange Commission (the "SEC") as well as in its offering documents for the Senior Bonds and in press releases and other public statements – to be materially false and misleading. On September 5, 2001, Hayes announced that it expected to restate its financial statements for the fiscal year ended January 31, 2001 and for the fiscal quarter ended April 30, 2001. On February 19, 2002, Hayes published restated financial statements for fiscal year 1999 and fiscal year 2000 as well as the first quarter of fiscal 2001 which (a) increased the previously reported net loss for the first quarter of fiscal 2001 by 838%; (b) increased the previously reported net loss for fiscal 2000 by 445%; and (c) reduced the previously reported net income for fiscal 1999 by 26.8%.

This Action was brought against certain current and former officers and directors of Hayes: Ranko Cucuz, William Shovers, D.N. Vermilya, David Ying, Anthony Grillo, Paul Levy, Jeffrey Lightcap, Cleveland Christophe, Andrew Heyer, John Rodewig, Ray Witt (collectively, the "Individual Defendants") and Horst Kukwa-Lemmerz and Wienand Meilicke (collectively the "German Defendants"); and the Company's former outside auditor KPMG LLP ("KPMG").

The German Defendants and KPMG have entered into separate settlements with the Plaintiffs. The settlements with the German Defendants' and KPMG in no way affects the settlement with the Individual Defendants.

The Complaint alleges that the Individual Defendants either actively participated in Hayes' manipulative accounting practices and misstatements during the Class Period, or knew or should have known about them in the exercise of due diligence.

The Complaint asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b) and Rule 10b-5, 17 C.F.R.240.10b-5, promulgated thereunder by the SEC, Section 18 of the Exchange Act, 15 U.S.C. § 78r, and Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), against the Individual Defendants.

The Individual Defendants deny the claims against them and specifically deny any wrongdoing or liability to any Class Member. The Individual Defendants filed motions to dismiss, which the Court granted as to certain claims, but which the Court denied with respect to the claims set forth in the preceding paragraph. Neither the class certification, discussed below, nor the denial of the motion to dismiss constitutes a determination on the merits of the Action. Any final judgment made by the Court will be binding on all members of the Class except those members who exclude themselves as provided herein.

III. THE CLASS

The Court has certified the Action as a class action on behalf of a class consisting of two sub-classes.

One sub-class consists of all persons and entities that purchased the Senior Bonds in the initial offering of those bonds during the Class Period. The second sub-class consists of all persons and entities that purchased the 2006 Bonds, the 2007 Bonds, the 2008 Bonds and the Senior Bonds on the secondary market during the Class Period.

Excluded from the Class are the following persons and entities who would otherwise fall within the Class definition: (1) Hayes and the Defendants, (2) members of the families of the Individual Defendants, (3) the subsidiaries or affiliates of Hayes or any Defendant, (4) any person or entity who is a partner, officer, director, employee or controlling person of Hayes or any Defendant, (5) any entity in which any Defendant has a controlling interest, and (6) the legal representatives, heirs, successors or assigns of any such excluded person.

The Court has certified Pacholder High Yield Fund, Inc., Copernicus Euro CDO-I B.V., Topsail CBO Ltd., TCW LINC III CBO Ltd., and TCW Leveraged Income Trust IV, L.P. as Class representatives to prosecute the Action on behalf of the Class. Prior to the Court's order certifying the Class, the Court had appointed Pacholder High Yield Fund, Inc., Copernicus Euro CDO-I B.V., Topsail CBO Ltd., TCW LINC III CBO Ltd., and TCW Leveraged Income Trust IV, L.P. (collectively, the "Lead Plaintiffs") to serve as lead plaintiffs in the Action pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4.

The Court has approved the law firm of Grant & Eisenhofer, PA., 1201 N. Market St., Suite 2100, Wilmington, DE 19801, 1-302-622-7000 ("Lead Counsel") to serve as Lead Counsel for the Class.

IV. THE PARTIAL SETTLEMENT

On April 26, 2005, the Lead Plaintiffs signed a Stipulation and Agreement of Settlement (the "Stipulation") with the Individual Defendants. The Stipulation provides for a settlement of this Action as against the Individual Defendants.

The Individual Defendants deny all allegations of wrongdoing, fault, liability or damage to the Lead Plaintiffs or the Class, deny that they engaged in wrongdoing, deny that they committed any violation of law, deny that they acted improperly in any way and believe they acted properly at all times. The Individual Defendants recognize, however, the uncertainty and risk inherent in any litigation, especially complex securities litigation, and the difficulties and substantial expense and length of time necessary to defend this action through trial and any appeal. To eliminate the burden and expense of further litigation and the risk of a substantial judgment at trial, the Individual Defendants wish to settle the litigation against them on the terms and conditions stated in the Stipulation, and to put the claims alleged in this Action to rest finally and forever.

Lead Counsel has completed an extensive investigation relating to the claims and the underlying events and transactions alleged in the Complaint. Lead Counsel has analyzed the evidence adduced during pretrial discovery to date and has researched the applicable law with respect to the claims of the Lead Plaintiffs and the Class against the Individual Defendants and the potential defenses thereto.

Based upon their investigation and pretrial discovery as set forth above, Lead Plaintiffs and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to the Lead Bondholder Plaintiffs and the Class, and in their best interests, and have agreed to settle the claims raised in the Action as against Individual Defendants pursuant to the terms and provisions of the Stipulation, after considering (a) the substantial benefits that the Class will receive from settlement, (b) the attendant risks of litigation, (c) the difficulty in collecting any judgment that was to be awarded, and (d) the desirability of permitting the Settlements to be consummated as provided by the terms of the Stipulation. From the perspective of the Lead Plaintiffs, the principal reason for the Settlement is the substantial monetary benefits to be provided to the Class now. These benefits must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. From the perspective of the Individual Defendants, the principal reasons for the Settlement is to settle and terminate all existing or potential claims against them, and to eliminate the risk of a substantial judgment against them, without in any way acknowledging any fault or liability, in order to eliminate the burden and expense of further litigation. Further, assuming the Lead Plaintiffs had won at trial, they anticipated that the Individual Defendants would have appealed any Lead Plaintiffs' verdict and that would have created further uncertainty and delay.

Pursuant to the Stipulation, if the Settlement is approved by the Court, all members of the Class will be deemed to have released the following claims against the Released Parties (as defined in the Stipulation):

all claims, rights, demands, suits, matters, causes of actions or liabilities whatsoever, whether based on federal or state, local, statutory or common law or any other law, rule or regulation, including without limitation, both known claims and Unknown Claims (i) that have been asserted in the Securities Litigation by the Lead Plaintiffs and/or the Class Members or their attorneys or any of them against any of the Released Parties, or (ii) that could have been asserted in any forum by any of the Lead Plaintiffs and/or Class Members or their attorneys or any of them or the successors and assigns of any of them, whether directly, indirectly, representatively, derivatively or in any other capacity, against any of the Released Parties which arise out of or are based upon or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, asserted, set forth, or referred to in the complaints filed in the Securities Litigation and/or which relate to the purchase or ownership of common stock of Hayes and/or purchase or ownership of Hayes' Bonds during the Class Period.

This means that, upon Court approval, all Class Members will be permanently barred from asserting any of the claims described above against the Released Parties or anyone else who is an insured under the Company's Director and Officer liability policies.

Under the terms of the Settlement, the Individual Defendants will deposit Twenty Five Million, Two Hundred Fifty Thousand Dollars (\$25,250,000) into escrow on behalf of the Bondholder Class (the "Gross Partial Settlement Amount"). The "Net Partial Settlement Amount" is the Gross Partial Settlement Amount, less Court ordered attorneys' fees and expenses, and all costs or fees of administering the Settlement.

If you have any questions about the proposed Settlement, you may contact: James P. McEvilly, III, Esq., Grant & Eisenhofer, P.A., 1201 N. Market St., Suite 2100, Wilmington, Delaware 19801, 1-302-622-7000.

V. PLAN OF ALLOCATION OF THE PROCEEDS OF THE SETTLEMENT AMONG CLASS MEMBERS

The Net Partial Settlement Amount shall be allocated 60% to the Initial Purchaser Senior Bond sub-class and 40% to the 2006 Bonds, 2007 Bonds, 2008 Bonds and the secondary purchasers of the Senior bond sub-class. Class Members shall share on a pro-rated basis within their respective sub-class.

VI. CONSEQUENCES OF CLASS MEMBERSHIP AND CLASS MEMBERS' RIGHTS

If you fall within the Class definition and you wish to remain in the Class, you must file your Proof of Claim attached hereto by August 30, 2005. **IF YOU HAVE ALREADY FILED A PROOF OF CLAIM IN THIS ACTION IN CONNECTION WITH THE PARTIAL SETTLEMENT WITH KPMG, YOU DO NOT NEED TO FILE ANOTHER CLAIM FORM.**

If you remain in the Class, then: (a) your interests in the Action will be represented by Lead Counsel for the Class, as identified in Section III above; (b) you will not have to pay any of Lead Counsel's attorneys' fees or expenses, except to the extent the Court may direct that such fees and expenses be paid out of any settlements or recoveries obtained for the Class; (c) you may be entitled to share in the benefits of any settlements or recoveries obtained in the Action, and you will be bound by any such settlements (including the Settlement) and by any favorable or unfavorable judgments entered in the Action; (d) you will have the right to appear and be heard regarding Court approval of the Settlement and any applications for payment of attorneys' fees and expenses; and (e) you will have the right to receive notice of and object to any settlements.

If you elect to remain in the Class, you have a right to object to the Settlement in the manner set forth below. If your objection is rejected, you will be bound by the Settlement and the releases described herein, just as if you had not objected.

If you do not wish to have your interests represented by Lead Counsel for the purpose of appearing, objecting to, and/or otherwise being heard regarding the Settlement and/or any applications for payment of attorneys' fees and expenses, you may enter a separate appearance through counsel of your choice, or personally, at your own expense.

VII. HOW TO EXCLUDE YOURSELF FROM THE CLASS

Under the law, you have the right to exclude yourself from the Class certified by the Court. You may exclude yourself from the Class if you wish to pursue a separate lawsuit against the Defendants, or for any reason at all. If you exclude yourself from the Class, you will **not** be entitled to participate in any recovery by the Class in the Action, and you will not be bound by the Settlement in the Action, or by any favorable or unfavorable judgment in the Action.

If you do not wish to remain a member of the Class, then you must timely request in writing to be excluded from the Class. Your request for exclusion must legibly set forth your name and address, and must include a statement that you wish to be excluded from the Class in *Pacholder High Yield Fund, Inc., et al. v. Ranko Cucuz, et al.* **Your request for exclusion must be sent by United States mail, postmarked no later than June 30, 2005 to Hayes-Lemmerz Bondholder Litigation, c/o The Garden City Group, Inc., Claims Administrator, Exclusions, P.O. Box 9000 #6173, Merrick, NY 11566-9000.**

If you request exclusion from the Class on behalf of any person, entity, or individual other than yourself, such as, for example, a trust, a minor, or a pension fund, you must state in addition the basis of your legal authority to make a request for exclusion on behalf of that person, entity, or other individual.

In order to ensure proper processing of your requests for exclusion, please include with the request the Social Security Number or Taxpayer Identification Number of the person, entity, or individual requesting exclusion from the Class, as well as a list stating the par amount of 2006 Bonds, 2007 Bonds, 2008 Bonds and/or Senior Bonds that person, entity, or individual purchased and/or sold during the Class Period, and the date or dates of each such purchase and sale.

VIII. SUBMISSION AND PROCESSING OF PROOFS OF CLAIM

In order to be eligible to receive any distribution from the Settlement Funds, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail postmarked on or before August 30, 2005, addressed as follows:

Hayes-Lemmerz Bondholder Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6173
Merrick, NY 11566-9000

If you do not submit a proper Proof of Claim form, you will not be entitled to any share of the Settlement Funds. **If you have already submitted a Proof of Claim form in connection with the KPMG partial settlement, you do not need to submit another Proof of Claim form.**

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Michigan, Southern Division with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to allow, disallow, or adjust any claim on equitable grounds.

Nominees who purchased or acquired the Hayes Bonds for the benefit of another person or entity during the Class Period shall be requested to send the Notice and the Proof of Claim to all such beneficial owners of the Bonds within ten (10) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners.

IX. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

Plaintiffs' Lead Counsel intends to apply to the Court for an award of attorneys' fees from the Gross Partial Settlement Fund in an amount not to exceed 25% of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of this portion of the Action against the Individual Defendants in the approximate amount of \$100,000 plus interest at the same rate as earned by the Gross Partial Settlement Amount. Lead Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the proceeds of the Settlement(s) to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing.

Lead Counsel has expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and has advanced substantial expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery.

X. NOTICE OF SETTLEMENT FAIRNESS HEARING

A hearing on the proposed Settlement (the "Settlement Hearing") will be held on July 20, 2005 at 2:30 p.m., before the Honorable Arthur J. Tarnow in the U.S. District Court for the Eastern District of Michigan Southern Division, Theodore Levin U.S. Courthouse, 231 W. Lafayette Boulevard, 5th Floor, Detroit, MI 48226. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement should be approved as fair, just and reasonable; (2) whether the Action should be dismissed with prejudice against the Individual Defendants; and (3) to consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses.

Any member of the Class who has not requested exclusion may appear at the Settlement Hearing to show cause why the proposed Settlement should not be approved, or why the Action should not be dismissed with prejudice as against the Individual Defendants; provided, however, that no such person shall be heard, unless his or her objection or opposition is made in writing and filed, together with copies of any and all supporting papers and briefs, with the Court no later than June 30, 2005, with copies sent to:

The Claims Administrator:

Attorney for Lead Plaintiffs:

Hayes-Lemmerz Bondholder Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6173
Merrick, NY 11566-9000

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Southfield, MI 48086-5058

Michael Allen, Esquire
Shapiro Mitchell Forman
Allen & Miller LLP
380 Madison Avenue
New York, NY 10017

Once an objection to the proposed Settlement is made, it cannot be withdrawn without the Court's approval. Unless otherwise ordered by the Court, any member of the Class who does not make his/her/its objection or opposition in the manner provided above shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the proposed Settlement.

1. MULTIPLE MAILINGS AND CHANGE OF ADDRESS

If you receive multiple copies of this notice, it may be because you had multiple brokerage accounts, holdings or transactions in the 2006 Bonds, 2007 Bonds, 2008 Bonds and/or Senior Bonds.

If notice was sent to a wrong address, **or if your address changes in the future**, please send prompt written notification of your correct address to the Claims Administrator at the address stated at the end of this Notice.

FOR MORE INFORMATION

This Notice contains only a summary of the Action and the terms of the proposed Settlement. Anyone interested in more detail regarding the Action is invited to (1) visit the Office of the Clerk of the United States District Court for the Eastern District of Michigan Southern Division, Theodore Levin U.S. Courthouse, 231 W. Lafayette Boulevard, 5th Floor, Detroit, Michigan 48226, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Case No. 02-CV-71778; and/or (2) contact the Claims Administrator at the following address:

Hayes-Lemmerz Bondholder Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6173
Merrick, NY 11566-9000

ALL INQUIRIES CONCERNING THIS SETTLEMENT NOTICE OR THE PROOF OF CLAIM FORM BY CLASS MEMBERS SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING AT THE ADDRESS INDICATED IMMEDIATELY ABOVE.

Dated: May 23, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN