

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re : Chapter 11  
Metaldyne Corporation, *et al.*, : Case No. 09-13412 (MG)  
Debtors. : (Jointly Administered)  
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**ORDER (A) APPROVING BIDDING PROCEDURES FOR THE SALE  
OF CERTAIN ASSETS RELATED TO THE DEBTORS' CHASSIS GROUP,  
(B) AUTHORIZING THE DEBTORS TO GRANT CERTAIN BIDDER  
PROTECTIONS, IF APPLICABLE, AND (C) SCHEDULING A FINAL SALE  
HEARING AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF**

This matter coming before the Court on the motion (the "Motion"), dated as of June 25, 2009, of Metaldyne Corporation ("Metaldyne") and its affiliate debtors, each as a debtor and debtor-in-possession (collectively with Metaldyne, the "Debtors"), in the above-captioned chapter 11 cases (the "Cases"), seeking, pursuant to sections 105, 363 and 365 of the Bankruptcy Code, 11 U.S.C. § 101 *et. seq.* (the "Bankruptcy Code"), Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rules 2002-1, 6004-1, 6006-1 and 9006-1(b) of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Bankruptcy Rules"), entry of (i) an order:

(a) scheduling a hearing (the "Sale Hearing") to consider approving (1) the sale of certain assets of the Debtors (the "Chassis Assets") related to their chassis business group (the "Chassis Group"), and (2) the assumption and assignment of certain related executory contracts and unexpired leases to which a Debtor is a party (any such contract, a "Debtor Contract");

(b) authorizing and approving the procedures that are attached hereto as Exhibit 1 (the "Bidding Procedures") for the marketing and sale of the Chassis Assets, including, but not limited to, the

conduct of an auction (the "Auction") and the ability of the Debtors to grant certain stalking-horse bidder protections; and (c) authorizing and approving the form and manner of the Debtors' proposed notice of the Auction and the Sale Hearing; and (ii) an order authorizing and approving the Sale Transaction (as such term is defined below) to the Successful Bidder in accordance with the Successful Bid (as such terms are defined in the Bidding Procedures) (the "Sale Order"); the Court having reviewed the Motion and conducted a hearing to consider the relief requested therein (the "Hearing"); and the Court having considered the statements of counsel and the evidence presented at the Hearing;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. This Court has jurisdiction over the Cases and the Motion as a core proceeding and over the parties and, subject to the comments made by the Court on the record at the July 7, 2009 hearing, property affected hereby under 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

B. Under the circumstances, the notice given by the Debtors of the Motion and the Hearing constitutes appropriate notice and complies with sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006.

C. Before the commencement of these Cases, the Debtors actively marketed the Chassis Assets for sale and they continue to market such assets for sale.

D. The Debtors have articulated good and sufficient reasons for, and the best interests of their estates will be served by, this Court granting certain of the relief requested in the Motion,<sup>1</sup> including approval of (1) the Bidding Procedures, (2) the procedures described below for the determination of the amounts necessary to cure defaults under the Debtor Contracts

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Motion.

(the "Cure Costs") so as to permit the assumption and assignment under section 365 of the Bankruptcy Code of the Debtor Contracts that are likely to be assumed and assigned in connection with any sale of the Chassis Assets (any such sale, a "Sale Transaction") and (4) the form of notice in substantially the form attached hereto as Exhibit 2 (the "Sale Notice").

E. The Debtors have articulated good and sufficient reasons for, and the best interests of their estates will be served by, this Court scheduling a subsequent Sale Hearing to consider granting other relief requested in the Motion, including approval of the Sale Transaction and the transfer of the Chassis Assets to the Successful Bidder free and clear of all liens, claims, interests and encumbrances pursuant to section 363(f) of the Bankruptcy Code.

F. The authority to grant certain bidder protections, including a Breakup Fee of up to 2% of the total cash consideration in any Stalking Horse Agreement and an Expense Reimbursement for actual out-of-pocket costs of any Stalking Horse Bidder not to exceed \$250,000 (collectively, the "Bidder Protections") to be paid only in the event this Court approves the sale of the Chassis Assets proposed to be purchased under any Stalking Horse Agreement to a different third party at the conclusion of the Sale Hearing and such sale is actually consummated, will encourage parties to step forward to act as the Stalking Horse Bidder for some or all of the Chassis Assets and is in the best interests of the Debtors' estates.

G. The form and scope of the Sale Notice is reasonably calculated to provide (i) all interested parties with timely and appropriate notice of the Sale Transaction, the Sale Hearing, Auction and Bidding Procedures and (ii) each non-Debtor counterparty to the Debtor Contracts with timely and appropriate notice of the potential assumption and assignment of its Contract, and complies with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and applicable case law.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent set forth herein. Any objections to this Order that have not been previously resolved or withdrawn are overruled on the merits. This Order shall be valid, binding and enforceable on all parties in interest and fully effective immediately upon entry.
2. The Bidding Procedures, which are attached hereto as Exhibit 1, are hereby approved and shall govern all bids and bid proceedings relating to the Chassis Assets. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.
3. The deadline for executing a Stalking Horse Agreement with a Stalking Horse Bidder shall be July 22, 2009.
4. The deadline for submitting a Qualified Bid (as such term is defined in the Bidding Procedures) shall be July 31, 2009 (the "Bid Deadline")
5. As further described in the Bidding Procedures, the Debtors shall conduct the Auction on August 3, 2009 if more than one Qualified Bid for the Chassis Assets is timely received.
6. The Court shall conduct the Sale Hearing on August 4 , 2009 at 10:00 a.m. (Eastern Time), at which hearing the Court will consider approval of the Sale Transaction to the Successful Bidder. The Sale Hearing may be adjourned or rescheduled without notice, other than by an announcement of such adjournment at the Sale Hearing.
7. No later than July 15, 2009, the Debtors shall file a schedule of cure obligations for the Debtor Contracts (a "Contract and Cure Schedule") that will list those Debtor Contracts likely to be assumed and assigned in connection with any Sale Transaction. The Contract and Cure Schedule shall include a description of each Debtor Contract to potentially be

assumed and assigned in any Sale Transaction and the Cure Costs, if any, necessary to cure such Debtor Contracts pursuant to section 365 of the Bankruptcy Code. No later than July 15, 2009, the Debtors shall serve a copy of the Contract and Cure Schedule, together with the Sale Notice and a copy of this Order, by first-class mail on each of the nondebtor parties listed on the Contract and Cure Schedule and on any attorney who has filed a notice of appearance in these Cases on behalf of any such nondebtor party or parties by email or fax, where such email address or fax has been provided in such counsel's notice of appearance filed in these Cases. As soon as practicable after (a) an amendment to the Contract and Cure Schedule adding a Debtor Contract thereto or (b) the receipt of a Qualified Bid seeking the assumption and assignment of a Debtor Contract not listed on the Contract and Cure Schedule (any such contract, an "Additional Contract"), the Debtors shall provide notice to the Creditors' Committee, each affected counterparty and on any attorney who has filed a notice of appearance in these Cases on behalf of any such affected counterparty or parties by email or fax, where such email address or fax has been provided in such counsel's notice of appearance filed in these Cases of the proposed assumption and assignment of the Additional Contracts and of any Cure Costs associated therewith.

8. Except as provided in paragraphs 9 through 12 below, to be considered, objections to the Motion or any of the relief sought therein must (a) be in writing, (b) state the basis of such objection with specificity, (c) conform to the Bankruptcy Rules and the Local Bankruptcy Rules, (d) be filed with the Bankruptcy Court and served in accordance with the rules of the Bankruptcy Court upon: (i) Metaldyne Corporation, 47603 Halyard Drive, Plymouth, Michigan 48170-2429 (Attn: David McKee, Esq., General Counsel), (ii) counsel for the Debtors, Jones Day, 222 East 41st Street, New York, New York 10017 (Attn: Richard H.

Engman, Esq.) and Jones Day, 901 Lakeside Avenue, North Point, Cleveland, Ohio 44114 (Attn: Heather Lennox, Esq. and Ryan T. Routh, Esq.); (iii) counsel to the Creditors' Committee, Reed Smith LLP, 1201 Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Kurt F. Gwynne, Esq.); (iv) counsel to the Prepetition ABL Agent and the DIP Agent, White & Case, 1155 Avenue of the Americas, New York, New York 10036 (Attn: Eric F. Leicht, Esq. and Scott Greissman, Esq.); (v) counsel to General Motors Corporation, Honigman, Miller, Schwartz & Cohn LLP, 2290 First National Building, 660 Woodward Ave, Detroit, Michigan 48226 (Attn: Aaron M. Silver, Esq. and Donald F. Baty Jr., Esq.); (vi) counsel to Ford Motor Company, Miller, Canfield, Paddock & Stone PLC, 150 West Jefferson Ave, Suite 2500, Detroit, Michigan 48226 (Attn: Jonathan S. Green, Esq. and Timothy A. Fusco, Esq.); (vii) counsel to Chrysler LLC, Dickinson Wright PLLC, 500 Woodward Ave., Suite 4000, Detroit, Michigan 48226 (Attn: James A. Plemmons, Esq. and Kristi A. Katsma, Esq.); (viii) counsel to Nissan North America, Inc., Waller Lansden Dortch & Davis, LLP Nashville City Center, 511 Union Street, Suite 2700, Nashville, TN 37219 (Attn: Eric Schultenover, Esq.); (ix) counsel to Honda of America Mfg., Inc., Vorys, Sater, Seymour And Pease LLP, 52 East Gay Street, P. O. Box 1008, Columbus, OH 43216-1008, (Attn: Robert A. Bell, Jr., Esq.); (x) counsel to the UAW, Cohen, Weiss & Simon LLP, 330 W. 42<sup>nd</sup> Street, New York, New York, 10036 (Attn: Babette A. Cecotti, Esq.); and (xi) counsel to the Prepetition Term Lenders, Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004 (Attn: Gary Kaplan, Esq.) (collectively, the "Notice Parties"), so as to be actually received no later than 4:00 p.m. (Eastern Time) on July 24, 2009.

9. Any objections to any proposed Cure Costs for any Debtor Contract (any such objection, a "Cure Objection" and any such disputed costs, "Disputed Cure Costs") must be

in writing and filed with the Court and served on the Notice Parties so as to be received no later than 4:00 p.m. (Eastern Time) on July 24, 2009. If no timely Cure Objection is filed and served with respect to a Debtor Contract, the cure amounts identified in the Contract and Cure Schedule with respect to the Debtor Contracts will be the only amounts necessary under section 365(b) of the Bankruptcy Code to cure all monetary defaults under such contracts. Any party failing to timely file a Cure Objection shall be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts against the Debtors, their estates or the Successful Bidder.

10. Any other objections to the assumption and assignment of a Debtor Contract, including the inability to cure non-monetary defaults or failure to provide adequate assurance of future performance (any such objection, an "Assumption/Assignment Objection"), may be raised at any time up until the commencement of the Sale Hearing and verbally at the Sale Hearing, if not previously raised. If no timely Assumption/Assignment Objection is raised with respect to a Debtor Contract, the Successful Bidder will be deemed to have provided adequate assurance of future performance under the applicable Debtor Contract in accordance with section 365(f)(2)(B) of the Bankruptcy Code.

11. Any objections to the assumption and assignment of Additional Contracts, including but not limited to any objections to the provision of adequate assurance, the proposed Cure Cost or the inability to cure non-monetary defaults associated with an Additional Contract, must be filed with the Court and served on the Notice Parties so as to be received no later than 4:00 p.m. (Eastern Time) on the date that is 5 days following the Debtors' delivery of notice to an affected counterparty of the proposed assumption and assignment of such Additional Contract and of any Cure Costs associated therewith.

12. Any objections to a sale of assets owned directly or indirectly by a non-Debtor subsidiary of a Debtor must be in writing and filed with the Court and served on the Notice Parties so as to be received no later than 4:00 p.m. (Prevailing Eastern Time) on July 29, 2009.

13. If a timely Cure Objection or Assumption/Assignment Objection is received and any such objection cannot otherwise be resolved by the parties, a hearing shall be held before the Court on August 4, 2009 at 10:00 a.m. (ET) to resolve any issues raised by such objections. The pendency of disputes relating to Disputed Cure Costs will not prevent or delay the closing on any sale of assets, including the assumption and assignment of Debtor Contracts necessary to effectuate such closing; provided that, the Court may require the segregation of proceeds from the Sale Transaction or the maintenance of other reserves to ensure the ability to pay any Disputed Cure Costs.

14. Except as may otherwise be agreed to by the parties to a Debtor Contract, the Cure Costs under the Debtor Contracts shall be satisfied by payment of the Cure Costs and Disputed Cure Costs by either the Debtors and/or the Successful Bidder in accordance with the terms of the Successful Bid.

15. Notwithstanding any provision in this Order, the Agreement or the Bidding Procedures, this Order does not satisfy and the Court has not determined that the Debtors have satisfied the requirements of section 365 of the Bankruptcy Code, including those relating to the cure of any existing default or providing adequate assurance of future performance. No Debtor Contract will be deemed assumed and assigned until the later of (a) the date the Court has entered an order authorizing the assumption and assignment of a particular Debtor Contract or (b) the date the Sale Transaction is closed. The Successful Bidder will have



no rights in and to any particular Debtor Contract until such time as the particular Debtor Contract is assumed and assigned.

16. Any Stalking Horse Bidder that the Debtors provide with Bidder Protections shall not be entitled to credit bid an amount equal to the Bidder Protections when bidding at the Auction.

17. The form of the Sale Notice is hereby approved in all respects. All parties in interest shall receive or be deemed to have received good and sufficient notice of all relief sought in the Motion, including but not limited to the Sale Hearing, the proposed Approval Order, the proposed sale of the Chassis Assets and the Cure Costs and proposed assumption and assignment of the Debtor Contracts if, within three business days of the entry of this Order (the "Mailing Deadline"), the Debtors:

(a) serve the Sale Notice, together with a copy of the Bidding Procedures Order, by first-class mail, postage prepaid upon: (i) the Special Service List and the General Service List, pursuant to the Administrative Order, Pursuant to Rule 1015(c) of the Federal Rules of Bankruptcy Procedure, Establishing Case Management and Scheduling Procedures (Docket No. 133) (the "Case Management Order"), entered on June 5, 2009; (ii) any party who, in the past year, expressed in writing to the Debtors an interest in the Chassis Assets or the Debtors' other assets; (iii) nondebtor parties (and their counsel of record) to the executory contracts and unexpired leases that are to be assumed, assigned or rejected in conjunction with any Stalking Horse Bid, if applicable and if known, at the time of the Bidding Procedures Order; (iv) all parties who are known or reasonably believed to have asserted a lien, encumbrance, claim or other interest in the Chassis Assets; (v) the Securities and Exchange Commission; (vi) the Internal Revenue Service; (vii) all applicable state attorneys general and local environmental enforcement agencies; (viii) all applicable state and local taxing authorities; (ix) the Federal Trade Commission; (x) the United States Attorney General/Antitrust Division of Department of Justice; (xi) the United States Environmental Protection Agency; (xii) the United States Attorney; (xiii) The Pension Benefit Guaranty Corporation; and

(b) on the Mailing Deadline, or as soon as practicable thereafter, run a publication version of the Sale Notice one time in the national edition of the *Wall Street Journal* and the *Detroit Free Press*.

18. The failure of any objecting person or entity to timely file its objection shall be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Motion, or

the consummation and performance of the Sale Transaction contemplated by the Successful Bid, including the transfer free and clear of all liens, claims, encumbrances and interests against the Debtors in each of the Chassis Assets transferred as part of any Sale Transaction.

19. Nothing in this Order or the Bidding Procedures shall affect, in any manner, any of the provisions of the Accommodation Agreement (defined in and authorized and approved by an order entered on May 29, 2009 [Docket No. 78], as amended by a stipulated order entered on June 12, 2009 [Docket No. 182]).

20. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

21. Notwithstanding Bankruptcy Rules 6004(g) and 6006(d), this Order shall not be stayed for ten (10) days after the entry hereof and shall be effective and enforceable immediately upon signature hereof.

Dated: New York, New York  
July 8, 2009

/s/ Martin Glenn  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1**

**BIDDING PROCEDURES**<sup>1</sup>

By motion (the "Motion") dated June 25, 2009, Metaldyne Corporation ("Metaldyne") and its affiliated debtors, each as a debtor and debtor-in-possession (collectively with Metaldyne, the "Debtors"), sought, among other things, approval of the process and procedures for the sale of assets (the "Chassis Assets") of the Debtors and certain of their nondebtor affiliates (collectively with the Debtors, the "Metaldyne Companies") associated with their chassis business group (the "Chassis Group").

The Metaldyne Companies' Chassis Group is a leading supplier of components and sub-assemblies used in a variety of engineered chassis applications, including wheel-ends, knuckles and mini-corner assemblies.

On July 7, 2009, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") entered its order (the "Bidding Procedures Order"), which, among other things, authorized and directed the Debtors to market the Chassis Assets through the bidding procedures (the "Bidding Procedures") described below. As part of the Bidding Procedures, the Bankruptcy Court has scheduled a hearing to approve the sale of the Chassis Assets for August 4, 2009, at 10:00 a.m. (the "Sale Hearing").

**I. Important Dates**

The Debtors will:

- (A) assist Potential Bidders (as defined below) in conducting their respective due diligence investigations and accept Qualified Bids (as defined below) until **5:00 p.m. (Eastern Time) on July 31, 2009;**
- (B) negotiate with Qualified Bidders (as defined below) in preparation for an auction (the "Auction") to begin at **10:00 a.m. (Eastern Time) on August 3, 2009;** and
- (C) in consultation with the official committee of unsecured creditors appointed in the Debtors' chapter 11 cases (the "Creditors' Committee"), Deutsche Bank, AG, as agent for the Debtors' postpetition lenders (the "DIP Agent"), Fried, Frank, Harris, Shriver & Jacobson LLP ("Fried Frank") as counsel for the Debtors' Prepetition

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the respective meaning ascribed to them in the Bidding Procedures Order.

Term Lenders,<sup>2</sup> the International Union, United Automobile, Aerospace, and Agricultural Implement Workers Union of America, AFL-CIO ("UAW") and counsel to General Motors Corporation, Ford Motor Company, Chrysler LLC, Nissan North America, Inc., and Honda of America Mfg., Inc. (the "OEMs"), select the Successful Bidder (as defined below) at the conclusion of the Auction and seek authority to sell the Chassis Assets to such Successful Bidder at the Sale Hearing to be held by the Bankruptcy Court at **10:00 a.m. (Eastern Time) on August 4, 2009.**

## **II. The Sale Hearing**

At the Sale Hearing, the Debtors intend to seek the entry of an order substantially in the form of the order attached as Exhibit 4 to the Motion, *inter alia*, authorizing and approving the Sale Transaction to a Successful Bidder (as such term is defined herein), as the Debtors, in the exercise of their reasonable business judgment and in consultation with the Creditors' Committee, the DIP Agent, the Prepetition Term Lenders, the UAW and the OEMs, determine to have made the highest or otherwise best offer to purchase the Chassis Assets, consistent with the Bidding Procedures. The Sale Hearing may be adjourned or rescheduled without notice, other than by an announcement of such adjournment at the Sale Hearing.

## **III. Ability to Select a Stalking Horse Bidder and Offer Bidder Protections**

The Debtors, in their reasonable discretion, may execute a purchase agreement (a "Stalking Horse Agreement") for some or all of the Chassis Assets with any party, provided that any such Stalking Horse Agreement is executed no later than July 22, 2009. The party submitting any such Stalking Horse Agreement shall serve as a stalking horse bidder (the "Stalking Horse Bidder") for some or all of the Chassis Assets at the Auction. If the Debtors choose to enter into a Stalking Horse Agreement, the Debtors, in their reasonable discretion, may offer the Stalking Horse Bidder a breakup fee (the "Breakup Fee") of up to 2% of the total cash consideration offered for the Chassis Assets under the Stalking Horse Agreement and an expense reimbursement (the "Expense Reimbursement" and, together with any Breakup Fee, the "Bidder Protections") for actual out-of-pocket costs of the Stalking Horse Bidder not to exceed \$250,000, provided, however, that the Debtors shall not offer any Breakup Fee or Expense Reimbursement to an "insider" of the Debtors, as such term is defined in Section 101(31) of the Bankruptcy Code, without the consent of the Creditors' Committee, the DIP Agent, the Prepetition Term Lenders, the UAW and the OEMs.

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<sup>2</sup> The term "Prepetition Term Lenders" as used herein shall refer to the lenders under that certain Credit Agreement, dated as of January 11, 2007, by and among Metaldyne Intermediate Holdco, Inc., Metaldyne Company LLC, the Prepetition Term Lenders, and JPMorgan Chase Bank, N.A., as administrative agent (the "Term Loan Agreement" and, together with all security and other related agreements and documents, the "Term Loan Documents"). The Prepetition Term Lenders' consultation rights shall apply only if they are not bidders for any of the Chassis Assets.

#### **IV. Determination by the Debtors**

The Debtors shall (A) coordinate the efforts of Potential Bidders in conducting their respective due diligence investigations regarding the Chassis Assets, (B) determine (with the assistance of their investment banker and financial advisor, Lazard Frères & Co., LLC ("Lazard")) whether any person or entity is a Qualified Bidder, (C) receive bids from Qualified Bidders, (D) negotiate any bids and (E) conduct the Auction (clauses (A) through (E) collectively, the "Bidding Process"). Any person or entity who wishes to participate in the Bidding Process must be a Qualified Bidder. Except as provided by applicable law or court order, neither the Metaldyne Companies nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Chassis Assets to any person or entity who is not a Potential Bidder and who does not comply with the participation requirements below.

#### **V. Participation Requirements**

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the Bidding Process, each interested person or entity (a "Potential Bidder") must deliver the following (unless previously delivered) to: (A) Metaldyne Corporation, 47603 Halyard Drive, Plymouth, Michigan 48170-2429 (Attn: David McKee, Esq., General Counsel); (B) Lazard Frères & Co., L.L.C., 190 S. La Salle Street, Chicago, Illinois 60603 (Attn: Michael Macakanja); (C) Jones Day, 222 East 41st Street, New York, New York 10017 (Attn: Richard H. Engman, Esq.) and 901 Lakeside Avenue, North Point, Cleveland, Ohio 44114 (Attn: Heather Lennox, Esq. and Ryan T. Routh, Esq.); (D) Reed Smith LLP, 1201 Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Kurt F. Gwynne, Esq.); (E) White & Case, 1155 Avenue of the Americas, New York, New York 10036 (Attn: Eric F. Leicht, Esq. and Scott Greissman, Esq.); and (F) Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004 (Attn: Gary L. Kaplan, Esq.):

- (A) an executed confidentiality agreement in form and substance satisfactory to the Debtors;
- (B) a statement demonstrating to the Debtors' reasonable satisfaction a *bona fide* interest in purchasing the Chassis Assets or substantially all of the Debtors' assets; and
- (C) proof of financial wherewithal to consummate a sale transaction.

If the Debtors determine that a Potential Bidder has a *bona fide* interest in the Chassis Assets, no later than two business days after the Debtors make that determination and have received from a Potential Bidder all of the materials required above, the Debtors will deliver to the Potential Bidder: (A) an information package containing information and financial data with respect to the Chassis Assets (the "Information Package"); (B) a copy of the form of a proposed agreement to sell the Chassis Assets that is acceptable to the Debtors (the "Proposed Agreement") or the Stalking Horse Agreement, as applicable; and (C) access information for the Debtors' confidential electronic data room concerning the Chassis Assets (the "Data Room").

## **VI. Due Diligence**

Until the Bid Deadline (as defined below), in addition to access to the Data Room, the Metaldyne Companies will provide any Potential Bidder such due diligence access or additional information as may be reasonably requested by the Potential Bidder that the Metaldyne Companies, in their business judgment, determine to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be directed to Neil Weinstein of Lazard at (612) 371-6595. The Debtors, with the assistance of Lazard, shall coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. In the event that any such due diligence material has not previously been provided to any other Potential Bidder, the Debtors shall simultaneously provide such materials to all Potential Bidders, as well as to counsel to the Creditors' Committee, the Prepetition Term Lenders and counsel to the Stalking Horse Bidder, if applicable.

Unless otherwise determined by the Debtors, the availability of additional due diligence to a Potential Bidder will cease (A) if the Potential Bidder does not become a Qualified Bidder, (B) from and after the Bid Deadline or (C) if the Bidding Process is terminated in accordance with its terms. Except as provided above with respect to the Information Package, the Agreement(s) to be provided to the Potential Bidders, access to the Data Room and the reasonable due diligence requests of Potential Bidders, neither the Metaldyne Companies nor their representatives will be obligated to furnish any information of any kind whatsoever relating to the Chassis Assets to any party.

## **VII. Bid Deadline**

A Potential Bidder that desires to make a bid shall deliver written and electronic copies of its bid to: (A) Metaldyne Corporation, 47603 Halyard Drive, Plymouth, Michigan 48170-2429 (Attn: David McKee, Esq., General Counsel); (B) Lazard Frères & Co., L.L.C., 190 S. La Salle Street, Chicago, Illinois 60603 (Attn: Michael Macakanja); (C) Jones Day, 222 East 41st Street, New York, New York 10017 (Attn: Richard H. Engman, Esq.) and 901 Lakeside Avenue, North Point, Cleveland, Ohio 44114 (Attn: Heather Lennox, Esq. and Ryan T. Routh, Esq.); (D) Reed Smith LLP, 1201 Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Kurt F. Gwynne, Esq.); (E) White & Case, 1155 Avenue of the Americas, New York, New York 10036 (Attn: Eric F. Leicht, Esq. and Scott Greissman, Esq.); (F) Honigman, Miller, Schwartz & Cohn LLP, 2290 First National Building, 660 Woodward Ave, Detroit, Michigan 48226 (Attn: Aaron M. Silver, Esq. and Donald F. Baty Jr., Esq.); (G) Miller, Canfield, Paddock & Stone PLC, 150 West Jefferson Ave, Suite 2500, Detroit, Michigan 48226 (Attn: Jonathan S. Green, Esq. and Timothy A. Fusco, Esq.); (H) Dickinson Wright PLLC, 500 Woodward Ave., Suite 4000, Detroit, Michigan 48226 (Attn: James A. Plemmons, Esq. and Kristi A. Katsma, Esq.); (I) counsel to Nissan North America, Inc., Waller Lansden Dortch & Davis, LLP Nashville City Center, 511 Union Street, Suite 2700, Nashville, TN 37219 (Attn: Eric Schultenover, Esq.); (J) counsel to Honda of America Mfg., Inc., Vorys, Sater, Seymour And Pease LLP, 52 East Gay Street, P. O. Box 1008, Columbus, OH 43216-1008, (Attn: Robert A. Bell, Jr., Esq.); (K) counsel to the UAW, Cohen, Weiss & Simon LLP, 330 W. 42<sup>nd</sup> Street, New York, New York, 10036 (Attn: Babette A. Cecotti, Esq.); and (L) (if the Prepetition Term Lenders are not bidders for the Chassis Assets) Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004 (Attn: Gary Kaplan, Esq.), so as to be received not later

than 5:00 p.m. (Eastern Time) on July 31, 2009 (the "Bid Deadline"). Electronic delivery information for bids will be provided upon request to any Potential Bidder who continues to have an interest in the Chassis Assets as of the Bid Deadline.

### **VIII. Bid Requirements**

A bid is a signed document from a Potential Bidder that provides, at a minimum, that:

- (A) the Potential Bidder offers to purchase the Chassis Assets (or substantially all of the Chassis Assets or the Debtors' other assets) and to assume certain liabilities associated with the Chassis Assets at the purchase price and upon the terms and conditions set forth in a copy of an asset purchase agreement enclosed therewith, marked to show any proposed amendments and modifications to the Proposed Agreement or the Stalking Horse Agreement, as applicable (the "Marked Agreement");
- (B) the bid is formal, binding and unconditional (except for those conditions set forth expressly in the applicable Marked Agreement) and is not subject to any due diligence or financing contingency and is irrevocable until the earlier of September 1, 2009 or one business day following the closing of any Sale Transaction;
- (C) does not entitle a bidder (other than the Stalking Horse Bidder, if applicable) to any break up fee, termination fee or similar type of payment or reimbursement; and
- (D) to the extent that the Debtor's facility in Greensboro, North Carolina is to be a Transferred Facility, the collective bargaining agreement applicable to such facility is to be an Assigned Contract; and
- (E) the purchase price in such bid satisfies the Minimum Overbid requirements (as defined below), if applicable.

A Potential Bidder shall accompany its bid with: (A) written evidence of available cash, a commitment for financing not subject to any conditions or ability to obtain a satisfactory commitment if selected as the Successful Bidder and such other evidence of ability to consummate the transaction contemplated by the applicable Marked Agreement as the Debtors may reasonably request; (B) a copy of a board resolution or similar document demonstrating the authority of the Potential Bidder to make a binding and irrevocable bid on the terms proposed; (C) any pertinent factual information regarding the Potential Bidder's operations that would assist the Debtors in their analysis of issues arising with respect to any applicable antitrust laws; and (D) an adequate assurance package (an "Adequate Assurance Package") which shall contain information necessary to provide nondebtor contract parties with adequate assurance of such Potential Bidder's future performance under executory contracts and/or unexpired leases to potentially be assumed by the Debtors and assigned to the Potential Bidder in the event that such Potential Bidder is the Successful Bidder.



A Potential Bidder may offer to: (1) assume all of Debtors' pension plan liabilities; (2) assume that portion of Debtors' pension plan liabilities associated with the Chassis Assets; or (3) exclude Debtors' pension plan liabilities. A Potential Bidder may also submit alternative bids, one bid offering to assume all or the relevant portion of the Debtors' pension plan liabilities, and the other excluding Debtors' pension plan liabilities.

Nondebtor parties to Debtor contracts and/or counsel of record for such parties wishing to review a copy of any Adequate Assurance Package may send an email request to [metaldyne@bmcgroup.com](mailto:metaldyne@bmcgroup.com) with "request for adequate assurance package" included in the subject line. Upon any such request, the Adequate Assurance Package shall be delivered by email to such requesting parties as soon as reasonably practicable but, in any event, no later than 24 hours after the Bid Deadline.

Any Potential Bidder must deposit with an escrow agent selected by the Debtors (the "Deposit Agent") a deposit equal to \$1 million (any such deposit, a "Good Faith Deposit"). The Good Faith Deposit must be made by certified check or wire transfer and will be held by the Deposit Agent in accordance with the terms of the escrow agreement to be provided with the Proposed Agreement.

A bid received from a Potential Bidder that meets the above requirements, and the Stalking Horse Agreement, if applicable, will be considered a "Qualified Bid" and each Potential Bidder that submits a Qualified Bid, including any Stalking Horse Bidder, will be considered a "Qualified Bidder." A Qualified Bid will be valued based upon factors such as: (A) the purported amount of the Qualified Bid, including any benefit to the Debtors' bankruptcy estates from any assumption of liabilities; (B) the fair value to be provided to the Metaldyne Companies under the Qualified Bid; (C) the ability to close the proposed Sale Transaction in a timely manner; (D) the ability to obtain any and all necessary antitrust approvals for the proposed transaction; and (E) any other factors the Debtors may reasonably deem relevant. Within one business day after receipt of a Qualified Bid from a Qualified Bidder, and, in any event, prior to the Auction, the Debtors shall distribute by email or facsimile a copy of each Qualified Bid to counsel to each Qualified Bidder that has submitted a Qualified Bid.

The Debtors reserve the right, in consultation with the Creditors' Committee, the DIP Agent, the Prepetition Term Lenders (if they are not bidders), the UAW and the OEMs, to reject any bid for the Chassis Assets if such bid:

- (A) is on terms that are materially more burdensome or conditional than the terms of the Proposed Agreement or the Stalking Horse Agreement, if applicable;
- (B) requires any indemnification of such Qualified Bidder on terms that are materially more burdensome than the terms of the Proposed Agreement or the Stalking Horse Agreement, if applicable;
- (C) does not provide sufficient cash consideration to pay transfer taxes, cure costs or other cash costs of the transaction (including professionals' fees); or

- (D) does not propose to cooperate with the Debtors and/or other potential purchasers of the Debtors' assets in negotiating an appropriate form of transition services agreement(s).

Notwithstanding anything contained in the Bidding Procedures or the Bidding Procedures Order to the contrary, nothing herein or therein will in any way impair or enhance, alter or otherwise affect any and all rights that any individual lender, group of lenders, administrative agent or collateral agent may have to "credit bid" pursuant to section 363(k) of the Bankruptcy Code, other applicable law or the Term Loan Documents.

#### **IX. Baseline Bid**

All Qualified Bidders that have submitted Qualified Bids are eligible to participate in the Auction. The Debtors will select the highest and best Qualified Bid or Qualified Bids for the Chassis Assets, which may be the Stalking Horse Agreement, to serve as the starting point at the Auction (the "Baseline Bid"). As soon as practicable, the Debtors shall provide all Qualified Bidders with a copy of the Baseline Bid.

#### **X. "As Is, Where Is"**

The Sale Transaction shall be on an "as is, where is" basis and without representations or warranties of any kind, nature or description by the Debtors or any other Metaldyne Company, their agents or the Debtors' chapter 11 estates, except to the extent expressly set forth in the Proposed Agreement or any Marked Agreement that has been designated as the Baseline Bid, as the case may be. Except as otherwise provided in the Successful Bid (or such other bid which may ultimately be consummated in the Sale Transaction), all of the Debtors' right, title and interest in the Chassis Assets shall be sold free and clear of all options, pledges, security interests, setoff rights, voting trusts or similar arrangements, liens, charges, claims or other encumbrances or restrictions on voting or transfer thereon and there against the Debtors (collectively, "Encumbrances"), with such Encumbrances, if any, to attach to the net proceeds of the Sale Transaction.

#### **XI. Auction**

If more than one Qualified Bid is received by the Bid Deadline, the Debtors will conduct the Auction. The Auction shall take place at 10:00 a.m. (Eastern Time) on August 3, 2009, at the offices of Jones Day, located at 222 East 41st Street, New York, New York 10017, or such other time or such other place as the Debtors shall notify all Qualified Bidders who have submitted Qualified Bids. Only a Qualified Bidder who has submitted a Qualified Bid will be eligible to participate at the Auction, provided that the collateral agent and lenders under the Term Loan Documents shall be entitled to participate in the Auction and may credit bid to the extent of their right to do so under section 363(k) of the Bankruptcy Code and the Term Loan Documents. Professionals for the Prepetition Term Lenders, the DIP Agent, the Creditors' Committee, the UAW and the OEMs shall be able to attend and observe the Auction.

A minimum overbid from any Stalking Horse Agreement (the "Minimum Overbid"), if applicable, being an amount sufficient to cover the Breakup Fee and the Expense Reimbursement, will be required for any Baseline Bid that is not the Stalking Horse Agreement,

or for any Qualified Bid made at the Auction if the Stalking Horse Agreement serves as the Baseline Bid.

At the Auction, participants will be permitted to increase their bids. The bidding on the Chassis Assets will start at the purchase price and terms proposed in the Baseline Bid, and continue with the Minimum Overbid (if not already accounted for in the Baseline Bid) and, thereafter, in increments of at least \$500,000. If a Stalking Horse Bidder bids at the Auction, the Stalking Horse Bidder will not be entitled to a "credit" in the amount of the Breakup Fee and the Expense Reimbursement to be counted towards its bid. At the Auction, a change of a bid excluding Debtors' pension plan liabilities to a bid assuming some or all of Debtors' pension plan liabilities, with no change of the purchase price, shall be deemed an increase of bid.

The Debtors may adopt rules, in consultation with the DIP Agent, the Creditors' Committee, the Prepetition Term Lenders (if they are not bidders), the UAW and the OEMs, for the Auction at any time that will best promote the goals of the Bidding Process and that are not inconsistent with any provisions of the Stalking Horse Agreement, if applicable, or these Bidding Procedures. Any such rules will provide that: (A) the procedures must be fair and open, with no participating Qualified Bidder disadvantaged in any material way as compared to any other Qualified Bidder; (B) all bids will be made and received in one room, on an open basis, and all other bidders will be entitled to be present for all bidding with the understanding that the true identity of each bidder will be fully disclosed to all other bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction; and (C) each Qualified Bidder will be permitted a fair, but limited, amount of time to respond to the previous bid at the Auction.

Immediately prior to the conclusion of the Auction, the Debtors, after consultation with the DIP Agent, the Creditors' Committee, the Prepetition Term Lenders (if they are not bidders), the UAW and the OEMs, will: (A) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating any Sale Transaction; (B) identify the highest or otherwise best offer (the "Successful Bid"); and (C) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of the successful bidder (the "Successful Bidder"), and the amount and other material terms of the Successful Bid. At the Sale Hearing, the Debtors shall present the Successful Bid to the Bankruptcy Court for approval.

## **XII. Acceptance of Qualified Bids**

The Debtors may, in consultation with the DIP Agent, the Creditors' Committee, the Prepetition Term Lenders (if they are not bidders), the UAW and the OEMs, (A) determine, in their reasonable business judgment, which Qualified Bid is the Successful Bid and the next highest or otherwise best bid (the "Next Highest Bid") for the Chassis Assets; and (B) reject at any time prior to the identification of the Successful Bid any bid that, in the Debtors' reasonable judgment, is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bankruptcy Code, these Bidding Procedures or the terms and conditions of the Sale Transaction or (3) contrary to the best interests of the Debtors and their estates.

The Debtors presently intend to consummate the Sale Transaction with the Successful Bidder, whether such entity is a Stalking Horse Bidder or another Qualified Bidder. However, the Debtors' presentation of the Successful Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted the Successful Bid only when such bid has been approved by the Bankruptcy Court. The Debtors and the Successful Bidder shall close the Sale Transaction on the closing date, and upon the satisfaction of all closing conditions, as set forth in the Successful Bid. If the Successful Bidder does not close the Sale Transaction by such date, then the Debtors shall be authorized, but not required, to close with the party that submitted the Next Highest Bid (the "Next Highest Bidder") without further order of the Bankruptcy Court.

### **XIII. Modification of Procedures**

If necessary to satisfy their fiduciary duties, the Debtors may, in consultation with the Creditors' Committee, the DIP Agent, the Prepetition Term Lenders (if they are not bidders), the UAW and the OEMs, amend these Bidding Procedures or the Bidding Process at any time in any manner that is consistent with these Bidding Procedures as approved by this Court and will best promote the goals of the Bidding Process, including extending or modifying any of the dates described herein, provided, however, no such modification or extension shall limit or impair the ability of the Prepetition Term Lenders to credit bid for the Chassis Assets.

### **XIV. Return of Good Faith Deposit**

The Good Faith Deposits of all Qualified Bidders, shall be held in escrow by the Deposit Agent and shall not become property of the Debtors' bankruptcy estates absent further order of the Bankruptcy Court. The Deposit Agent shall retain the Good Faith Deposits of the Successful Bidder and the Next Highest Bidder until the earlier of the closing of the Sale Transaction or the termination or the expiration of the applicable Marked Agreement or the Stalking Horse Agreement, if applicable. The Good Faith Deposits of the other Qualified Bidders shall be returned within four business days of the entry of the Approval Order. At the closing of the Sale Transaction contemplated by the Successful Bid, a Successful Bidder will be entitled to a credit for the amount of its Good Faith Deposit. The Good Faith Deposit of the Next Highest Bidder shall be released by the Debtors upon the earlier of (A) four business days after the closing of the Sale Transaction or (B) the withdrawal of the Chassis Assets for sale by the Debtors. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon.

### **XV. Reservation of Rights**

The Debtors reserve the right to do the following (in each case, in a manner that is not inconsistent with the Bidding Procedures Order or the Stalking Horse Agreement, if applicable): (i) determine whether a Person is eligible to be a Potential Bidder, (ii) determine whether a Potential Bidder is eligible to be a Qualified Bidder, (iii) determine whether a Qualified Bid is the highest or otherwise best proposal and which is the next highest or otherwise best proposal, (iv) reject any bid that is (a) inadequate or insufficient, (b) not submitted in conformity with the requirements of the Bidding Procedures Order or the requirements of the Bankruptcy Code or (c) contrary to the best interests of the Debtors and their estates, (v) impose additional terms and

conditions with respect to all Qualified Bidders, (vi) extend the deadlines set forth herein, (vii) modify the Auction and Bidding Procedures to promote the greatest recovery to the Debtors' estates, and (viii) adjourn or cancel the Auction if no Qualified Bids have been timely submitted or adjourn the Sale Hearing in open court without further notice.

**EXHIBIT 2**