

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

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In re	:	Chapter 11
	:	
Oldco M Corporation	:	Case No. 09-13412 (MG)
(f/k/a Metaldyne Corporation), <i>et al.</i> ,	:	
	:	(Jointly Administered)
Debtors.	:	
	:	
-----X	:	

**DECLARATION OF JEFFREY L. JOHNSTON IN
SUPPORT OF SECOND AMENDED JOINT PLAN OF LIQUIDATION
OF DEBTORS AND DEBTORS IN POSSESSION**

I, Jeffrey L. Johnston, make this Declaration under 28 U.S.C § 1746 and state the following under penalty of perjury:

1. I am a Managing Director of AlixPartners, LLP ("AlixPartners"), Financial Advisor to the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"). AlixPartners is a global business advisory firm offering comprehensive services to improve corporate performance, execute corporate turnarounds and provide litigation consulting and forensic accounting services. AlixPartners has offices in seven North American cities, including Detroit, Michigan.

2. I submit this Declaration in Support of the Debtors' Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession, dated as of January 11, 2010 (as it has been or may be amended or modified, the "Plan"). I base this declaration on (a) the Oldco M Corporation Plan Feasibility Analysis (the "Feasibility Analysis") as of February 16, 2010, a copy of which is attached hereto as Exhibit A; and (b) the Oldco M Corporation Liquidation Analysis (the "Liquidation Analysis") as of February 16, 2010, a copy of which is attached hereto as Exhibit B. The Feasibility Analysis and Liquidation Analysis attached hereto update

similar analyses that were attached as Exhibits to the Second Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession (Docket No. 1194) (the "Disclosure Statement") and were based upon information available as of December 7, 2009 (the "December 2009 Feasibility Analysis" and the "December 2009 Liquidation Analysis," respectively and, collectively, the "December 2009 Analyses").

3. Capitalized terms not otherwise defined herein have the meanings given to them in the Plan or, if not defined in the Plan, in the Disclosure Statement.

4. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge, my review of relevant documents or my opinion based upon my experience and knowledge of the Debtors' operations and financial conditions. If I were called upon to testify, I could and would testify to each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration.

Jeffrey L. Johnston's Qualifications

5. As noted above, I am a Managing Director with AlixPartners. I have more than 20 years experience in corporate turnarounds, including providing financial advisory services to debtors, senior lenders and creditor committees in chapter 11 cases. I have experience evaluating the viability of troubled companies and developing and implementing responsive profit enhancement, debt restructuring and asset disposition solutions.

6. AlixPartners has been employed by the Debtors since 2008. I have appeared as an expert witness previously in these chapter 11 cases and in many chapter 11 cases and other commercial litigation matters. I have also served in a number of fiduciary roles in

other chapter 11 cases, including Chief Restructuring Officer, receiver and independent liquidating agent.

7. I have experience in a variety of industries, with a particular focus on automotive supply, automotive dealerships, manufacturing, distribution and transportation.

8. Prior to joining AlixPartners, I was a Senior Managing Director with Conway MacKenzie & Dunleavy in Detroit, Michigan. There, I specialized in insolvency, reorganization, litigation support and forensic accounting. Before that, I was employed by Deloitte & Touche.

9. I am a Certified Turnaround Professional, Certified Fraud Examiner and Certified Public Accountant. I have a bachelor's degree in accounting from Michigan State University. I am also a member of the Turnaround Management Association, Association of Certified Fraud Examiners, American Bankruptcy Institute and the Michigan Association of Certified Public Accountants.

The Feasibility Analysis

10. In connection with preparing for confirmation of the Plan, AlixPartners employees, acting under my direction, have prepared the updated Feasibility Analysis. The Feasibility Analysis is AlixPartners' analysis of the ability of the Debtors to meet their obligations under the Plan and also sets forth anticipated recoveries for each class of creditors under a theoretical low, midpoint and high recovery assessment. Because the Feasibility Analysis is a forward looking statement, all representations therein are qualified by the notes included therein.

11. Based upon the Feasibility Analysis, AlixPartners has concluded, based upon the assumptions set forth in the notes to the Feasibility Analysis, that if the Plan is

confirmed, it is highly likely that the Debtors will be able to satisfy in full the following categories and Classes of Claims under any of the high, low and midpoint analyses:

- Administrative Claims;
- Priority Tax Claims;
- Cure Amount Claims;
- Class 1 Claims (Priority Claims); and
- Class 2 Claims (Secured Claims).

12. The Feasibility Analysis further reflects that distributions available to general unsecured creditors and certain other parties will be approximately \$11.3 million under the high assessment, providing for a recovery of approximately 2.3% of the estimated valid claims in Class 3 and Class 4 of the Plan. The Feasibility Analysis further reflects that distributions available to general unsecured creditors and certain other parties will be approximately \$4.2 million under the low assessment, providing for a recovery of approximately 1.1% of the estimated valid claims in Class 3 and Class 4 of the Plan. Notwithstanding such assessment, if the assumptions explained in the notes to the Feasibility Analysis prove to be incorrect, it is possible that distributions to general unsecured creditors and certain other parties may be more or less than what is reflected in the Feasibility Analysis.

13. The Feasibility Analysis reflects that none of the Classes of Claims or Interests junior to Class 3 and Class 4 will receive any recovery under the Plan.

14. Based upon the above, I believe that the Plan is feasible within the meaning of section 1129(a)(11) of the Bankruptcy Code and that it is consistent with the absolute priority rule set forth in sections 1129(b)(2)(B) and 1129(b)(2)(C) of the Bankruptcy Code.

The Liquidation Analysis

15. In connection with preparing for confirmation of the Plan, AlixPartners employees, acting under my direction, prepared the updated Liquidation Analysis. The Liquidation Analysis is AlixPartners' analysis of the probable recoveries to creditors if the Debtors' chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code on March 1, 2010. Because the Liquidation Analysis is a forward looking statement, all representations therein are qualified by the notes included therein.

16. The Liquidation Analysis reflects that distributions available to general unsecured creditors and certain other parties would be approximately \$8.5 million under the high assessment and would be approximately \$1.6 million under the low assessment. Notwithstanding such assessment, if the assumptions explained in the notes to the Liquidation Analysis prove to be incorrect, it is possible that distributions to general unsecured creditors and certain other parties may be more or less than what is reflected in the Liquidation Analysis.

17. Nevertheless, the Liquidation Analysis shows that, if these chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code, unsecured creditors would fare worse in chapter 7 than if the Plan were confirmed in chapter 11 of the Bankruptcy Code. Accordingly, I believe that the Plan satisfies the "best interests of creditors" test under section 1129(a)(7) of the Bankruptcy Code.

Changes Since December 2009 Analyses

18. The Feasibility Analysis attached hereto and the Liquidation Analysis attached hereto are updates to — but do not differ substantially from — the December 2009 Feasibility Analysis and the December 2009 Liquidation Analysis previously filed with the

Court. The differences between the two sets of analyses arise primarily from the following areas:

- The passage of time has resulted in completion of the Debtors' production activities, the receipt of additional information regarding open items related to the MDI Purchase Agreement, and the resolution of various other administrative claims, and therefore, the actual results and more current estimates for these items are reflected in the updated analyses.
- The Debtors have sold various personal property in the previous two months, thus removing uncertainty with respect to the proceeds to be received from those asset sales.
- The Debtors have settled certain of the claims filed against their estates, thus removing uncertainty with respect to the proposed allowed claim amounts.
- Additional proofs of claim, particularly including rejection damages claims, have been filed by bar dates applicable to such claims.
- AlixPartners, along with certain of the Debtors' other professionals, have had additional time to review and reconcile many more of the proofs of claim that have been filed against the Debtors' estates and have, thus, refined previous estimates of the amounts of claims that ultimately will be allowed against the Debtors' estates.

The end result of these changes is that AlixPartners projects that, subject to the qualifications set forth in the analyses: (a) a limited amount of additional funds will be available for distribution to holders of unsecured nonpriority claims, as compared to the December 2009 Analyses; and (b) the amount of unsecured nonpriority claims to be allowed against the Debtors' estates is a tighter range than the amount previously estimated in the December 2009 Analyses.

Accordingly, on balance, the projected recoveries for unsecured creditors in Class 3 and Class 4 under the scenarios contemplated by the analyses has improved but not changed materially since the filing of the prior analyses.

AlixPartners' Attempts to Prepare Debtor-by-Debtor Feasibility Analysis

19. In October and November 2009, in connection with the Debtors' preparation of the Plan and Disclosure Statement and the documents in support thereof,

AlixPartners was asked whether it could prepare a feasibility analysis and a liquidation analysis for each of the 31 Debtors in these chapter 11 cases.

20. In response, AlixPartners sought to gather information and perform preliminary work to determine if it could establish definitively the assets and liabilities of each of the 31 Debtors on an individual basis. While AlixPartners, in consultation with Jones Day, was able to prepare a rudimentary analysis of a subset of the liabilities of each of the 31 Debtors, this analysis did not take into account intercompany claims between Debtors in any manner, as AlixPartners was not provided with reliable information on such claims by the Debtors. In addition, while this analysis segregated the unsecured nonpriority and priority liabilities that were filed against the Debtors' estates in the claims process, this analysis did not seek to allocate various postpetition or administrative claims (including, for example, professional fees) to the various 31 Debtors. AlixPartners was not provided with any existing analysis or methodology or any background information that would permit AlixPartners to develop such an analysis or methodology that would be necessary to perform such an allocation of liabilities. AlixPartners concluded that it would not be able to create any such analysis or methodology without a very extensive and costly review and investigation of the Debtors' books and corporate records. For these and other reasons, AlixPartners determined that the rudimentary analysis that was prepared was an insufficient analysis of the liabilities of each of the 31 Debtors.

21. AlixPartners likewise created a rudimentary analysis of certain of the assets of each of the 31 Debtors. This analysis also did not take into account intercompany receivables between Debtors in any manner (i.e., the converse of intercompany claims) for reasons explained above. Moreover, this analysis (a) did not seek to allocate the cash held by the Debtors on a Debtor by Debtor basis, (b) did not seek to allocate the cash received in the MD

Investors Sale Transaction and (c) did not seek to allocate, or account for the impact of, the credit bid component of the purchase price paid in the MD Investors Sale Transaction.

AlixPartners was not provided with any existing analysis, valuation or methodology or any background information that would permit AlixPartners to develop such an analysis or methodology that would be necessary to perform such an allocation of assets. AlixPartners concluded that it would not be able to create any such analysis or methodology without a very extensive and costly review and investigation of the Debtors' books and corporate records. For these and other reasons, AlixPartners determined that the rudimentary analysis that was prepared was an insufficient analysis of the assets of each of the 31 Debtors.

22. Ultimately, for these reasons, AlixPartners determined that the information available to it was insufficient for it to prepare feasibility analyses and liquidation analyses for each of the 31 Debtors, and that AlixPartners would need substantial additional information from the Debtors to complete a set of reliable feasibility and liquidation analyses on a Debtor by Debtor basis.

Difficulties in Performing an Allocation of MD Investors Sale Transaction Proceeds

23. As noted above, AlixPartners created a rudimentary analysis of assets of each of the 31 Debtors. One of the limitations AlixPartners identified with respect to this analysis was the treatment of MD Investors Sale Transaction proceeds under the analysis, specifically the allocation of those proceeds amongst the 31 Debtors. AlixPartners was not asked, in these Chapter 11 Cases, to seek to resolve the issues pertaining to the allocation of the MD Investors Sale Transaction proceeds. However, I have experience in the allocation of sale proceeds based upon my work in prior cases and have, in performing the analysis described above and since that time, considered how such an allocation might be attempted in these cases.

24. The following potential problems and issues would surround any attempt to allocate the MD Investors Sale Transaction proceeds to individual Debtors:

- The consideration provided by MD Investors included, among other elements, \$39.5 million in cash (subject to purchase price adjustments), the assumption of \$8.5 million in Claims entitled to administrative priority status, and the credit bid of all claims and obligations of secured parties under the Prepetition Senior Secured Loan Agreement, in the aggregate amount of not less than \$425 million. In addition to satisfying certain other secured claims, the cash element of the consideration was used to ensure that the Estates did not become administratively insolvent after the closing of the MD Investors Sale Transaction (the "Closing") and that a proper winddown of the Estates could be accomplished that would permit the confirmation of a plan of liquidation. However, very few of the post-Closing administrative expenses that have been incurred are identifiable to specific individual Debtors. For example, the professional fees to administer the Chapter 11 Cases have not been allocated to individual Debtors and most of these expenses have been recorded at the corporate parent Debtor level. Allocation of these administrative expenses to specific Debtors would be difficult, time consuming, highly subjective and, ultimately, not necessarily relate to the benefits derived by such Debtor. Moreover, the general question of whether the cash proceeds should be allocated to individual Debtors before or after subtraction of administrative expenses would have to be considered.
- As part of the credit bid, the Prepetition Senior Secured Agent agreed to release any liens held by it for itself, or for the benefit of the Prepetition Senior Secured Lenders, on certain assets that were not sold as part of the MD Investors Sale Transaction ("Remaining Assets"). Under the Plan, the proceeds from the Remaining Assets will be available to satisfy Administrative Claims and for distribution to creditors. Absent substantive consolidation, the individual Estates that owned these Remaining Assets and their creditors would arguably receive a "windfall" based solely on the decision of MD Investors as to what assets they wanted to purchase in the MD Investors Sale Transaction. In many instances, MD Investors purchased all of the assets of those Estates that were profitable and did not purchase the assets of certain Estates that were unprofitable, including the Remaining Assets. These circumstances potentially create an inequity benefiting creditors of unprofitable entities at the expense of creditors of profitable entities that would have to be considered in devising an allocation methodology for the MD Investors Sale Transaction proceeds.
- Neither the \$425 million amount of the credit bid nor the cash proceeds received from MD Investors were allocated to specific Estates' assets. Rather, this consideration, the face value of which exceeded the fair market value of the assets purchased, was paid in total for all of the assets conveyed under the MDI Purchase Agreement, which assets were owned by multiple Estates. While a number of methodologies (e.g., percentage of sales, percentage of historical EBITDA (although some of the cost/profit centers had negative EBITDA),

percentage of book value of assets) could be employed to allocate the cash proceeds to individual Debtors, each methodology contains potential flaws.

For example, any valuation of an individual Debtor for purposes of allocating cash proceeds would be compromised by the fact that the Debtors typically did not operate as self-sufficient, stand alone entities. Specifically, selling, general and administrative expenses were not fully allocated to individual Debtors and, as a result, the reported operating results of individual cost/profit centers do not necessarily reflect the costs of operating that business as if it were independent. Therefore, it would be difficult to determine the value of each Debtor individually without an extensive analysis of its actual reported operating cost structure vis-à-vis a *pro forma* operating cost structure as if it were an independent entity.

- Finally, even if a fair and equitable allocation of the cash proceeds from the MD Investors Sale Transaction on a Debtor-by-Debtor basis was determined, the amount to be distributed to creditors of each Estate would be significantly complicated, and impacted, by the historical intercompany accounting practices and resulting claims as described in the declaration of Jan VanDijk being filed in support of the Plan.

25. I do not believe that the above issues would necessarily make the preparation of an allocation, on a Debtor-by-Debtor basis, of the MD Investors Transaction proceeds impossible. However, I believe that the issues described above (a) are issues for which I do not believe there is any well-settled consensus on methodology amongst the financial advisory community, (b) are issues upon which reasonable minds could differ and, thus, ultimately could need to be litigated and (c) are issues for which a substantial amount of time and effort would need to be expended to resolve satisfactorily. Accordingly, completing a full analysis of these, and potentially other, issues, as would be required absent the substantive consolidation of the Debtors' estates, would add substantial cost to these chapter 11 cases.

Executed this 16th day of February 2010 in Southfield, Michigan.

/s/ Jeffrey L. Johnston

Jeffrey L. Johnston
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Filed by:

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ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

SCHEDULE A

Feasibility Analysis



OLDCO M CORPORATION

PLAN FEASIBILITY ANALYSIS

Based on information available as of February 16, 2010

OLDCO M CORPORATION

PLAN FEASIBILITY ANALYSIS

GENERAL

In connection with confirmation of the Joint Plan of Liquidation of the Debtors and Debtors in Possession (the "Plan") proposed by Oldco M Corporation (fka Metaldyne Corporation), the Bankruptcy Court would have to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which requires that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors (unless such liquidation or reorganization is proposed by the Plan). Because the Plan proposes a liquidation of all of their assets, for purposes of this test the Debtors have analyzed the ability of the Distribution Trust to meet its obligations under the Plan, including the payment of all Administrative Claims, all expenses of the Distribution Trust, all Priority Tax Claims, all Cure Amount Claims and all Allowed Class 1 Claims and Allowed Class 2 Claims. Based on the Debtors' analysis, the Distribution Trust will have sufficient assets to make these payments to accomplish its tasks under the Plan. Therefore, the Debtors believe that their liquidation pursuant to the Plan meets the feasibility requirements of the Bankruptcy Code.

The Feasibility Analysis reflects the Debtors' judgment as to the occurrence or nonoccurrence of certain future events, which are subject to change. The assumptions disclosed herein are those that the Debtors believe to be significant to the Feasibility Analysis. Although the Debtors are of the opinion that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties. Consequently, actual results could differ significantly from those shown here.

PLAN CONFIRMATION IS ASSUMED

This Feasibility Analysis assumes that the Plan is confirmed as filed, with an Effective Date of March 8, 2010. Accordingly, the analysis assumes the substantive consolidation of the Debtors and the priorities of distribution proposed in the Plan.

OPERATING WIND-DOWN / CUSTOMER RESOURCING

The Debtors entered into various wind-down agreements with the key customers at the remaining manufacturing facilities. These agreements provided for the monetization of accounts receivable and inventory assets, as well as the recovery of certain wind-down costs. The Company concluded production under these wind-down agreements in late January 2010; therefore, there is no need to operate the businesses of the Debtors after the Effective Date. Most accounts receivable and inventory assets are assumed to be monetized by the Effective Date.

LIQUIDATION OF FIXED ASSETS

Essentially all of the machinery and equipment has already been sold prior to the Effective Date. The feasibility analysis assumes that the Company's Farmington Hills and New Castle properties are sold within five months and twelve months of the Effective Date, respectively. To the extent that these asset sales are delayed beyond this assumption there would

be an adverse effect on the results of this analysis. Asset sales expected to occur prior to the March 8, 2010 effective date are included in the "Cash" line item. Assets to be sold on or after March 8, 2010 are included in the "Fixed Assets" line item.

LIQUIDATION OF NON-DEBTOR SUBSIDIARY

The Debtors have six non-Debtor subsidiaries, of which only one has non-de minimis assets. This subsidiary, Oldco M Machining and Assembly Mfg. Co. (Canada) Ltd., is a Canadian corporation that is going through a wind-down of its operations and liquidation of its assets. This analysis assumes that the Debtors will not recover any amounts from the wind-down of any of the non-debtor subsidiaries or that any recovery would be de minimis.

Oldco M Plan Feasibility Analysis (\$ in 000's)				
		Recovery Amount		
	Notes	Low	High	Midpoint
Proceeds from Assets				
Cash	[A]	\$14,845	\$15,145	\$14,995
Funding from MD Investors Escrow Account	[B]	2,500	2,500	2,500
Accounts Receivable & Inventory	[C]	388	388	388
Fixed Assets	[D]	2,892	4,620	3,756
Investment in Non-Debtor Subs	[E]	-	-	-
Other Assets	[F]	875	1,330	1,102
Avoidance Action Proceeds	[G]	-	-	-
Total Proceeds from Assets		\$21,499	\$23,982	\$22,740
Secured, Administrative and Priority Claims				
Distribution to GECC from Sale of Pledged Equipment & for Non-tax Administrative Claims	[H]	\$450	\$350	\$400
Unpaid Pre-Effective Date Professional Fees	[I]	3,726	3,526	3,626
Post-Effective Date Professional Fees	[I]	1,774	1,774	1,774
Wind-Down Expenses	[I]	2,175	1,875	2,025
503(b)(9) Claims	[J]	1,978	1,478	1,728
Other Secured, Administrative & Priority Claims	[J]	3,378	936	2,157
Secured, Administrative & Priority Property & Other Tax Claims	[K]	3,784	2,790	3,287
Total Secured, Administrative and Priority Claims		\$17,265	\$12,729	\$14,997
Estimated Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors		\$4,234	\$11,253	\$7,743
Estimated Distribution to Unsecured Creditors				
Funding from MD Investors Escrow Account	[B]	\$2,500	\$2,500	\$2,500
Avoidance Action Proceeds	[G]	-	-	-
50% of Remaining Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors	[L]	867	4,377	2,622
Total Estimated Distribution to Unsecured Creditors		\$3,367	\$6,877	\$5,122
Estimated Allowed Claims	[M]	\$318,168	\$295,529	\$306,849
<i>Estimated Recovery Rate for Unsecured Claims</i>		<i>1.1%</i>	<i>2.3%</i>	<i>1.7%</i>
Estimated Distribution to MD Investors				
50% of Remaining Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors	[L]	\$867	\$4,377	\$2,622
Total Proceeds Available for Subordination Claims and Equity Interests		\$0	\$0	\$0
<i>The accompanying notes are an integral part of the analysis</i>				

FOOTNOTES TO PLAN FEASIBILITY ANALYSIS

Note A – Cash

The cash balance is the estimated amount of cash on hand as of the projected effective date of March 8, 2010. The wind-down of the Debtors' manufacturing operations concluded prior to the Effective Date. Consequently, most of the working capital monetization and essentially all of the equipment sales are assumed to occur prior to the Effective Date. Estimated cash on hand as of the Effective Date is assumed to fund, in part, the expenses of the Distribution Trust. The March 8, 2010 cash balance has been forecast based on the estimated outcome of certain wind-down and liquidation activities that have or will occur prior to the Effective Date. There are other assumptions and risks associated with the estimates used to develop the forecasted cash balance as of March 8, 2010. Therefore, the estimated cash balance as of March 8, 2010 is subject to material change.

Note B – Funding from MD Investors Escrow Account

The analysis assumes that \$2.5 million from the MD Investors escrow account that was created pursuant to the Sale Order and designated thereunder for the funding of a liquidation or litigation trust for unsecured creditors becomes an asset of the Distribution Trust, as is proposed by the Plan. As also proposed by the Plan, to the extent there is not sufficient cash to fund secured, administrative and priority claims, the funding from the MD Investors escrow account may be used to satisfy these claims, subject to repayment. Any portion of this funding that is not used to fund secured, administrative and priority claims will be distributed to the general unsecured claim holders.

Note C – Accounts Receivable & Inventory

The Debtors have entered into various wind-down agreements with the key customers at the remaining manufacturing facilities. These agreements provide for the monetization of accounts receivable and inventory assets, as well as the recovery of certain wind-down costs. Most accounts receivable and inventory assets are assumed to be monetized as of the Effective Date and the liquidation proceeds are included in the cash balance.

Note D – Fixed Assets

Fixed Assets include the estimated proceeds from liquidating all land, buildings, machinery and equipment that are anticipated to be owned by the Debtors on March 8, 2010, net of the projected costs, including carrying costs, of liquidating those assets.

In 2009, the Debtors obtained desktop orderly and forced liquidation value appraisals from Stout Risius Ross ("SRR"), updated from SRR's 2007 purchase accounting appraisals for real estate, as well as machinery and equipment for five representative manufacturing facilities. The liquidation value for the Debtors' property, plant and equipment at other facilities was derived by considering amounts actually offered for certain sales in process. Where a sale is not yet in process, the liquidation value was derived by considering appraisal values, management estimates and estimates from various third party brokers.

Based on discussions with appraisers, auctioneers, and listing agents the proceeds from the sale of property, plant and equipment are subject to the following risk factors: (1) the large size of the Debtors' owned New Castle facility could cause delays in selling the asset, (2) due to the current distress in the automotive sector, lack of liquidity and overall economic environment, a significant amount of assets currently marketed are not being sold, and (3) the risks associated with not performing a detailed appraisal and physical examination of all of the specific assets, which the Debtors believe would be cost-prohibitive under the circumstances.

The analysis does not include any value associated with any leased property. All leased property is assumed returned to the respective lessor. Oldco M does not believe it has any substantial below-market leases that would bring value via assignment.

Note E – Non-Debtor Subsidiary

The Debtors have six non-Debtor subsidiaries, of which only one has non-de minimis assets. This subsidiary, Oldco M Machining and Assembly Mfg. Co. (Canada) Ltd., is a Canadian corporation that is going through a wind-down of its operations and liquidation of its assets. This analysis assumes that the Debtors will not recover any amounts from the wind-down of any of the non-debtor subsidiaries or that any recovery would be de minimis.

Note F—Other Assets

Other assets are comprised primarily of tax refunds and utility deposit refunds. Tax refund recoveries are based on management estimates as well as input from external tax advisors. Tax liabilities and refunds were estimated after making interpretations of applicable tax laws. While these assumptions represent management's and its external tax advisors' best estimate of the likely outcome, actual tax liabilities and refunds may differ materially if these interpretations are not upheld.

Note G—Avoidance Actions

The analysis assumes no recovery from avoidance actions. No recovery has been assumed solely because no attempt to value avoidance actions has yet been undertaken by the Debtors or the Official Committee of Unsecured Creditors, not because the Debtors or the Committee have concluded that they are valueless. In accordance with section 1123(b) of the Bankruptcy Code, after confirmation of the Plan, the Distribution Trustee will retain and may enforce any claims, demands, rights and causes of action that the Estates may have against any person or entity, including claims for preference, fraudulent conveyance and setoff. Any portion of avoidance action proceeds that is not used to fund secured, administrative and priority claims will be distributed to the holders of allowed general unsecured claims.

Note H—Distribution to GECC

Obligations under certain equipment lease agreements with General Electric Capital Corporation ("GECC") that have been rejected pursuant to section 365 of the Bankruptcy Code are secured by a first priority lien on a limited amount of machinery and equipment located at the Debtors' New Castle, Indiana facility, as well as a limited amount of machinery and equipment at

facilities purchased by MD Investors. The net proceeds from the sale of this equipment are assumed to be distributed to GECC. In addition, the Debtors expect non-tax administrative claims will need to be paid to GECC under terms of the parties' equipment leases.

Note I – Costs Associated with Liquidation

Professional fees include the cost of attorneys, accountants, brokers and other professionals retained by the Distribution Trustee during the liquidation period, as well as any Chapter 11 professional fees incurred prior to the Effective Date. These amounts include all unpaid professional fees for prior fee periods, including hold backs required by the court.

Wind-down expenses include costs incurred during the liquidation period as well as any expenses incurred but not paid prior to the Effective Date. Wind-down expenses during the liquidation period are based upon the assumption that certain plant and corporate personnel would be retained to oversee the liquidation process. The remaining staff would also be needed to maintain and close the accounting records and to complete certain administrative tasks including payroll and tax forms and records. Certain facilities expenses would continue to be incurred until all of the facilities are liquidated.

Note J – 503(b)(9) Claims, Other Secured, Administrative & Priority Claims

Chapter 11 administrative claims are assumed to be paid in full. These claims are primarily made up of 503(b)(9) claims and other administrative claims. The proofs of claim that have been filed have not been fully reconciled and the amounts set forth for this line item are based, in part, upon the Debtors' own books and records and not upon filed claims; therefore, estimated Other Administrative and 503(b)(9) Claims are subject to material change upon final reconciliation of such claims.

In addition, other secured, administrative and priority claims include amounts that the Debtors anticipate would need to be paid to the Pension Benefit Guaranty Corporation as an administrative claim to resolve certain of its claims against the Debtors' Estates. Furthermore, other secured, administrative and priority claims also include estimates for anticipated payments related to other secured claims, certain vendor claims as well as miscellaneous employee claims.

Note K – Secured, Administrative & Priority Property & Other Tax Claims

Chapter 11 priority tax claims are assumed to be paid in full, and an estimate has been made for the payment of interest and/or penalties in connection with these claims. These claims consist of personal and real property secured and priority tax claims, and certain state and local tax claims. These Claims are assumed to have priority as set out in the Bankruptcy Code. Tax liabilities and refunds were estimated after making interpretations of applicable tax laws. While these assumptions represent management's and its external tax advisors' best estimate of the likely outcome, actual tax liabilities and refunds may differ materially if these interpretations are not upheld. Additionally, filed claims have not been reconciled; and therefore, estimated Tax Claims are subject to material change.

Note L – Distribution of Proceeds

Under the Sale Order, MD Investors has the right to receive fifty (50) percent of the net cash proceeds recovered, after payment of secured, administrative and priority claims that, but for such payment, otherwise would be distributed to holders of General Unsecured Claims on account of such claims; provided, however, that such assets shall not include any causes of action held by the Debtors' estates, including without limitation, claims arising under chapter 5 of the Bankruptcy Code, or similar causes of action arising under state law. Additionally, MD Investors is not entitled to share in the funding from the MD Investors Escrow account. A distribution to MD Investors has been calculated based upon these parameters.

Note M – General Unsecured Claims

For purposes of the analysis, general unsecured claims are based on management's best estimate and assume that certain settlements in principle will in fact be completed. It should be noted that filed claims have not been fully reconciled; and therefore, estimated unsecured claims are subject to material change. Unsecured claims are assumed to be paid on a *pro rata* basis from the net liquidation proceeds available after the payment of all other claims.

SCHEDULE B

Liquidation Analysis



OLDCO M CORPORATION

LIQUIDATION ANALYSIS

Based on information available as of February 16, 2010

OLDCO M CORPORATION

LIQUIDATION ANALYSIS

GENERAL

The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs, that would be realized if the Debtors' chapter 11 cases were to be converted to Chapter 7 on March 8, 2010 (the "Conversion Date") and the Debtors' assets liquidated by a Court-appointed trustee.

In connection with confirmation of the Joint Plan of Liquidation of the Debtors and Debtors in Possession (the "Plan") proposed by Oldco M Corporation (fka Metaldyne Corporation), the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Interest in any impaired Class that has not voted to accept the Plan. Accordingly, if an impaired Class does not accept the Plan, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtor or Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

The Liquidation Analysis reflects the Debtors' judgment as to the occurrence or nonoccurrence of certain future events, which are subject to change. The assumptions disclosed herein are those that the Debtors believe to be significant to the Liquidation Analysis. Although the Debtors are of the opinion that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties. Consequently, actual results could differ significantly from those shown here.

In summary, as the Debtors' Plan is a liquidating plan, the principal differences in estimated proceeds available for general unsecured creditors in a Chapter 7 liquidation from the distributions and recoveries estimated in the Plan are (a) estimated higher chapter 7 trustee fees and (b) risk associated with the release of funds from the MD Investors escrow account, as described in Note B below. The analysis demonstrates that, in a chapter 7 liquidation, estimated recovery for unsecured nonpriority creditors would be worse than the recovery estimated in the Plan.

OPERATING WIND-DOWN / CUSTOMER RESOURCING

The Debtors have entered into various wind-down agreements with the key customers at the remaining manufacturing facilities. These agreements provided for the monetization of accounts receivable and inventory assets, as well as the recovery of certain wind-down costs. The Company concluded production under these wind-down agreements in late January 2010; and thus there will be no need to operate the businesses of the Debtors within chapter 7. Most accounts receivable and inventory assets are assumed to be monetized as of the date of conversion, although the act of conversion could inject risk into the ability of the Debtors' estates to collect fully upon such receivables.

LIQUIDATION OF FIXED ASSETS

Essentially all of the machinery and equipment has already been sold prior to the Conversion Date. The liquidation analysis assumes that the Company's Farmington Hills and New Castle properties are sold within five months and twelve months of the Conversion Date, respectively. To the extent that these asset sales are delayed beyond this assumption there would be an adverse effect on the results of this analysis. Asset sales expected to occur prior to the March 8, 2010 conversion date are included in the "Cash" line item. Assets to be sold on or after March 8, 2010 are included in the "Fixed Assets" line item.

LIQUIDATION OF NON-DEBTOR SUBSIDIARY

The Debtors have six non-Debtor subsidiaries, of which only one has non-de minimis assets. This subsidiary, Oldco M Machining and Assembly Mfg. Co. (Canada) Ltd., is a Canadian corporation that is going through a wind-down of its operations and liquidation of its assets. This analysis assumes that the Debtors will not recover any amounts from the wind-down of any of the non-debtor subsidiaries or that any recovery would be de minimis.

Oldco M Liquidation Analysis (\$ in 000's)				
	Notes	Recovery Amount		
		Low	High	Midpoint
Proceeds from Assets				
Cash	[A]	\$14,845	\$15,145	\$14,995
Funding from MD Investors Escrow Account	[B]	-	-	-
Accounts Receivable & Inventory	[C]	388	388	388
Fixed Assets	[D]	2,892	4,620	3,756
Investment in Non-Debtor Subs	[E]	-	-	-
Other Assets	[F]	875	1,330	1,102
Avoidance Action Proceeds	[G]	-	-	-
Total Proceeds from Assets		\$18,999	\$21,482	\$20,240
Secured, Administrative and Priority Claims				
Distribution to GECC from Sale of Pledged Equipment & for Non-tax Administrative Claims	[H]	\$450	\$350	\$400
Unpaid Chapter 11 Professional Fees	[I]	3,726	3,526	3,626
Chapter 7 Professional Fees	[I]	1,774	1,774	1,774
Chapter 7 Trustee Fees	[I]	148	213	181
Wind-Down Expenses	[I]	2,175	1,875	2,025
503(b)(9) Claims	[J]	1,978	1,478	1,728
Other Secured, Administrative & Priority Claims	[J]	3,378	936	2,157
Secured, Administrative & Priority Property & Other Tax Claims	[K]	3,784	2,790	3,287
Total Secured, Administrative and Priority Claims		\$17,413	\$12,942	\$15,178
Estimated Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors		\$1,586	\$8,540	\$5,063
Estimated Distribution to Unsecured Creditors				
Funding from MD Investors Escrow Account	[B]	\$0	\$0	\$0
Avoidance Action Proceeds	[G]	-	-	-
50% of Remaining Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors	[L]	793	4,270	2,531
Total Estimated Distribution to Unsecured Creditors		\$793	\$4,270	\$2,531
Estimated Allowed Claims	[M]	\$318,168	\$295,529	\$306,849
<i>Estimated Recovery Rate for Unsecured Claims</i>		<i>0.2%</i>	<i>1.4%</i>	<i>0.8%</i>
Estimated Distribution to MD Investors				
50% of Remaining Net Proceeds Available for Distribution to Unsecured Creditors and MD Investors	[L]	\$793	\$4,270	\$2,531
Total Proceeds Available for Subordination Claims and Equity Interests		\$0	\$0	\$0
<i>The accompanying notes are an integral part of the analysis</i>				

FOOTNOTES TO LIQUIDATION ANALYSIS

Note A – Cash

The wind-down of the Debtors' manufacturing operations occurred prior to the Conversion Date. Consequently, most of the working capital monetization and essentially all equipment sales are assumed to occur prior to the Conversion Date. Estimated cash on hand as of the Conversion Date is assumed to fund the expenses of the Distribution Trust. The March 8, 2010 cash balance has been forecast based on the estimated outcome of certain wind-down and liquidation activities that have occurred prior to the Conversion Date. There are other significant assumptions and risks associated with the estimates used to develop the forecasted cash balance as of March 8, 2010. Therefore, the beginning cash balance is subject to material change.

Note B – Funding from MD Investors Escrow Account

The analysis assumes that \$2.5 million from the MD Investors escrow account that was created pursuant to the Sale Order and designated thereunder for the funding of a liquidation or litigation trust for unsecured creditors does not become available for distribution to creditors in a chapter 7 scenario. While the Debtors believe that such funds should be made available for distribution to creditors regardless of the outcome of these Chapter 11 Cases, there can be no assurances that such funds would be made available in chapter 7. Due to this uncertainty, the Debtors have, for purposes of this analysis only, presumed that these funds would not be available for distribution to creditors in chapter 7.

Note C – Accounts Receivable & Inventory

The Debtors have entered into various wind-down agreements with the key customers at the remaining manufacturing facilities. These agreements provide for the monetization of accounts receivable and inventory assets, as well as the recovery of certain wind-down costs. Most accounts receivable and inventory assets are assumed to be fully monetized as of the Conversion Date and the liquidation proceeds are included in the cash balance.

Note D – Fixed Assets

Fixed Assets includes all land, buildings, machinery and equipment that are anticipated to be owned by the Debtors on March 8, 2010, net of the projected costs, including carrying costs, of liquidating those assets.

In 2009, the Debtors obtained desktop orderly and forced liquidation value appraisals from Stout Risius Ross ("SRR"), updated from SRR's 2007 purchase accounting appraisals for real estate, as well as machinery and equipment for five representative manufacturing facilities. The liquidation value for the Debtors' property, plant and equipment at other facilities was derived by considering amounts actually offered for certain sales in process. Where a sale is not yet in process, the liquidation value was derived by considering appraisal values, management estimates and estimates from various third party brokers.

Based on discussions with appraisers, auctioneers, and listing agents the proceeds from the sale of property, plant and equipment are subject to the following risk factors: (1) the large

size of the Debtors' owned New Castle facility could cause delays in selling the asset, (2) due to the current distress in the automotive sector, lack of liquidity and overall economic environment, a significant amount of assets currently marketed are not being sold, and (3) the risks associated with not performing a detailed appraisal and physical examination of all of the specific assets, which the Debtors believe would be cost-prohibitive under the circumstances.

The analysis does not include any value associated with any leased property. All leased property is assumed returned to the respective lessors. Oldco M does not believe it has any substantial below-market leases that would bring value via assignment.

Note E – Non-Debtor Subsidiary

The Debtors have six non-Debtor subsidiaries, of which only one has non-de minimis assets. This subsidiary, Oldco M Machining and Assembly Mfg. Co. (Canada) Ltd., is a Canadian corporation that is going through a wind-down of its operations and liquidation of its assets. This analysis assumes that the Debtors will not recover any amounts from the wind-down of any of the non-debtor subsidiaries or that any recovery would be de minimis.

Note F—Other Assets

Other assets are comprised primarily of tax refunds and utility deposit refunds. Tax refund recoveries are based on management estimates as well as input from external tax advisors. Tax liabilities and refunds were estimated after making interpretations of applicable tax laws. While these assumptions represent management's and its external tax advisors' best estimate of the likely outcome, actual tax liabilities and refunds may differ materially if these interpretations are not upheld.

Note G—Avoidance Actions

The analysis assumes no recovery from avoidance actions. No recovery has been assumed solely because no attempt to value avoidance actions has yet been undertaken by the Debtors or the Official Committee of Unsecured Creditors, not because the Debtors or the Committee have concluded that they are valueless. In chapter 7, a trustee would retain and may enforce any claims, demands, rights and causes of action that the Estates may have against any person or entity, including claims for preference, fraudulent conveyance and setoff. Any portion of avoidance action proceeds that is not used to fund secured, administrative and priority claims will be distributed to the general unsecured claim holders.

Note H—Distribution to GECC

Obligations under certain equipment lease agreements with General Electric Capital Corporation ("GECC") that have been rejected pursuant to section 365 of the Bankruptcy Code are secured by a first priority lien on a limited amount of machinery and equipment located at the Debtors' New Castle, Indiana facility, as well as a limited amount of machinery and equipment at facilities purchased by MD Investors. The net proceeds from the sale of this equipment are assumed to be distributed to GECC. In addition, the Debtors expect non-tax administrative claims will need to be paid to GECC under terms of the parties' equipment leases.

Note I – Costs Associated with Liquidation

Professional fees include the cost of attorneys, accountants, brokers and other professionals retained by the chapter 7 during the liquidation period, as well as any Chapter 11 professional fees incurred prior to the Conversion Date. These amounts include all unpaid professional fees for prior fee periods, including hold backs required by the court.

Chapter 7 trustee fees would be incurred in accordance with section 326 of the Bankruptcy Code.

Wind-down expenses include costs incurred during the liquidation period as well as any expenses incurred but not paid prior to the Effective Date. Wind-down expenses during the liquidation period are based upon the assumption that, even within chapter 7, certain plant and corporate personnel would be retained to oversee the liquidation process. The remaining staff would also be needed to maintain and close the accounting records and to complete certain administrative tasks including payroll and tax forms and records. Certain facilities expenses would continue to be incurred until all of the facilities are liquidated.

Note J – 503(b)(9) Claims, Other Secured, Administrative & Priority Claims

Administrative claims are primarily made up of 503(b)(9) claims and other administrative claims. The proofs of claim that have been filed have not been fully reconciled and the amounts set forth for this line item are based, in part, upon the Debtors' own books and records and not upon filed claims; therefore, estimate Other Administrative and 503(b)(9) Claims are subject to material change upon final reconciliation of such claims. Such amounts also are continuing to change as amounts continue to be paid by MD Investors to parties whose executory contracts and unexpired leases have been assumed and assigned in the MD Investors transaction.

In addition, other secured, administrative and priority claims include amounts that the Debtors anticipate would need to be paid to the Pension Benefit Guaranty Corporation as an administrative claim to resolve certain of its claims against the Debtors' Estates. Furthermore, other secured, administrative and priority claims also include estimates for anticipated payments related to other secured claims, certain vendor claims as well as miscellaneous employee claims.

Note K – Secured, Administrative & Priority Property & Other Tax Claims

Priority tax claims consist of personal and real property secured and priority tax claims, and certain state and local tax claims. These Claims are assumed to have priority as set out in the Bankruptcy Code. Tax liabilities and refunds were estimated after making interpretations of applicable tax laws. While these assumptions represent management's and its external tax advisors' best estimate of the likely outcome, actual tax liabilities and refunds may differ materially if these interpretations are not upheld. Additionally, filed claims have not been reconciled; and therefore, estimated Tax Claims are subject to material change.

Note L – Distribution of Proceeds

Under the Sale Order, MD Investors has the right to receive fifty (50) percent of the net cash proceeds recovered, after payment of secured, administrative and priority claims that, but for such payment, otherwise would be distributed to holders of General Unsecured Claims on account of such claims; provided, however, that such assets shall not include any causes of action held by the Debtors' estates, including without limitation, claims arising under chapter 5 of the Bankruptcy Code, or similar causes of action arising under state law. Additionally, MD Investors is not entitled to share in the funding from the MD Investors Escrow account. A distribution to MD Investors has been calculated based upon these parameters.

Note M – General Unsecured Claims

For purposes of the analysis, general unsecured claims are based on management's best estimate and assume that certain settlements in principle will in fact be completed. It should be noted that filed claims have not been fully reconciled; and therefore, estimated unsecured claims are subject to material change. Unsecured claims are assumed to be paid on a *pro rata* basis from the net liquidation proceeds available after the payment of all other claims.