

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

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In re : Chapter 11
Oldco M Corporation :
(f/k/a Metaldyne Corporation), *et al.*, : Case No. 09-13412 (MG)
Debtors. : (Jointly Administered)
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**DECLARATION OF ROBERT D. KATZ REGARDING THE
SEMI-ANNUAL PLAN IMPLEMENTATION REPORT**

I, Robert Katz, make this Declaration under 28 U.S.C. § 1746 and state as follows:

1. I am older than 21 years of age and suffer no legal disability. I am competent to make this Declaration.
2. I am a principal of the firm Executive Sounding Board Associates Inc. ("ESBA"), which has an office at 1350 Broadway, Suite 702, New York, New York 10018. I am a Certified Turnaround Professional and Certified Public Accountant. ESBA has been appointed trustee for the Oldco M Distribution Trust pursuant to the Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession (Docket No. 1180) (the "Plan"), which was confirmed pursuant to the Order Confirming Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession entered by the Court on February 23, 2010 (Docket No. 1384) (the "Confirmation Order").
3. I submit this Declaration for all permissible purposes under the Federal Rules of Bankruptcy Procedure, the Federal Rules of Civil Procedure and the Federal Rules of Evidence regarding the attached report for the Trustee.

4. Pursuant to Paragraph 44 of the Confirmation Order, the Trustee hereby files its semi-annual report, which is attached hereto as Exhibit A in compliance with reporting requirements as outlined in the Confirmation Order.

I declare under penalty of perjury that the foregoing statements are true and correct.

Dated: January 18, 2011

/s/ Robert D. Katz

Robert D. Katz

Exhibit A

Since its appointment on March 23, 2010 as the trustee of the Oldco M Distribution Trust (the “Trust”) pursuant to the Distribution Trust Agreement (the “Trust Agreement”) and the Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession (Docket No. 1180) (the “Plan”), which was confirmed pursuant to the Order Confirming Second Amended Joint Plan of Liquidation of Debtors and Debtors in Possession entered by the Court on February 23, 2010 (Docket No. 1384) (the “Confirmation Order”), Executive Sounding Board Associates Inc. (“ESBA” or the “Trustee”) has been fulfilling its obligations as Trustee. This report is submitted pursuant to and in compliance with Paragraph 44 of the Confirmation Order to provide a report of the administration of property subject to the Trust’s ownership and control pursuant to the Plan, distributions made by the Trustee and other matters relating to the implementation of the Plan.

- This report is based on the information the Trust has gathered to date and is subject to updates and revisions.
- The Trustee has made repeated visits to the Company’s headquarters, Farmington Hills Michigan facility and the New Castle Indiana facility. The Trustee has also been involved in numerous calls and meetings with members of the Oldco M Corporation’s (“Oldco”) management team and the MDI transition team as well as the professionals currently or previously involved in these Chapter 11 proceedings. The Trustee continues processing all domestic disbursements, posting all accounts payable and dealing directly with most vendors and transition issues. The Chief Liquidating Officer’s role is on an as needed basis with a minimal base retainer paid to him weekly which will reduce the travel costs of the Trustee to the facilities.
- The Trustee has communicated continually with the Oversight Committee via written reports, e-mails and conference calls as to update the Committee and to get approval from the Committee when necessary on affairs pertaining to the Distribution Trust.
- The Trustee made provisions at a local Michigan off sight storage facility for record retention. A significant volume of boxes are already there (in the thousands) as it makes sense and is more cost effective keeping them there rather than transferring them locally.
- Fifty-two OldCo bank accounts have been closed leaving two open. The two accounts that remain open are employee benefit accounts. The employee benefit accounts will soon be closed when the cafeteria benefits have been reconciled.

Farmington Hills

- The Trust sold the Farmington Hills property in October 2010 for \$1.250 million. All current and back real estate taxes (approximately \$130k) and brokerage commissions (\$75k) were paid from the proceeds of the sale resulting in the Estate realizing approximately \$1,032,000.

- The sale occurred before the Estate would have had to begin heating the facility for the winter months and before a one month insurance extension expired, both of which would have been significant monthly expenses for the Estate.

New Castle Facility

- The Trust sold the New Castle facility on November 8, 2010 for \$1,250,000. The property's past due real estate taxes (\$608,024) and the brokerage commission to Atlas Partners (\$75,000) were paid from the proceeds of the sale netting the Estate approximately \$565,877.
- The Trustee was able to reduce the amount of the real estate taxes owed the local municipality by approximately \$300,000 (from \$916,220 to \$608,024) by negotiating a settlement with the help of Diversified Property Solutions ("DPS").
- As with the Farmington Hills facility this sale also occurred before the Estate would have had to begin heating the facility for the winter months and before a one month insurance extension expired, both of which would have been significant monthly expenses for the Estate.

Claims and Avoidance Claims

- The Trustee has weekly or twice monthly conference calls with Accretive Solutions, the professionals managing the claims matters to insure the coordination of efforts with the Trustee, Reed Smith and BMC in analyzing, processing and objecting to claims.
- The Trust sent correspondence to various claimants seeking additional information related to their claims in order to streamline the claim objection process.
- The Trust worked with certain claimants attempting to resolve the Trust's objections to claims.
- The Trust reviewed and filed objections to administrative expense claims.
- The Trust filed a motion to extend the deadline to object to claims for an additional six months, through June 27, 2011.
- Duane Morris has been retained to prosecute avoidance actions and has received all current data prepared by Accretive. The Trust has sent out over 500 demand letters with respect to transfers made in the ninety days prior to the Petition Date.
- Duane Morris has negotiated and settled several preference demands, including collecting over \$391,000 in preference recoveries (which are currently being held

in a trust account at Duane Morris) and reduced the unsecured creditor class by over \$1.38 million as 12/31/10.

- Pryor Cashman, LLP has been retained as conflicts counsel to prosecute avoidance actions.

Litchfield Tax Recoveries

- DPS and Honigman, Miller Schwartz & Cohn negotiated a refund related to an overpayment of Litchfield property taxes with the City of Litchfield. The estate received \$150,000 from the city with another \$25,000 due in February 2011.

Canadian Entity

- On October 22, 2010 the Canadian Entity filed for bankruptcy (assignment) in Ontario, Canada. RSM Richter was appointed as Trustee to the bankrupt entity.
- The Trust filed a claim against the Canadian entity for approximately \$9,600,000 stemming from unpaid management and royalty fee agreements with Metaldyne USA. As of this date, the only other claim of significance that is known is the underfunded pension liability which is asserted to be approximately \$5,000,000.
- The Trustee was appointed Inspector to the Canadian proceeding which is comparable to being a member of the creditors' committee in the U.S. Bankruptcy Court.
- The Financial Services Commission of Ontario, the governmental agency in Canada that regulates pensions, has appointed Price Waterhouse as administrator to the Metaldyne Canada pension plans.
- Goodmans, LLP has been retained as Canadian counsel to represent the Trust in the Canadian bankruptcy.
- RSM Richter, as Trustee to the bankrupt Metaldyne entity, has engaged Cushman and Wakefield as broker to list and sell the Thamesville facility.
- Canadian bank accounts have been closed and are now under the control of RSM Richter as Trustee to the estate in Canada.

Tax Returns and Related Items

- Deloitte Tax assisted the Trust in obtaining a refund in excess of \$1.6 million from the IRS. Included in the \$1.6 million refund is interest from the IRS in conjunction with recoveries related to 1996, 1997 and 1998 tax returns. While the

IRS may attempt to reclaim the interest, Deloitte Tax reviewed the refund and confirmed for the Trust that the calculations, including the interest, were correct.

- The Trust retained RSM McGladrey and purchased software to prepare all tax returns.
- The Trustee has timely filed all Federal and State tax returns of the Estate that were due December 15, 2010. The Trustee also timely filed certain state tax returns that were due on January 15, 2011. The Trust anticipates timely filing state tax returns that are due on March 27, 2011.

General Matters

- The accounting records continue to be under the control of the Trustee. Most vendors mail invoices directly to the Trustee instead of the Plymouth Michigan location. The few invoices that are received in Michigan have been forwarded to the Trustee's offices via Federal Express bi weekly shipments.
- There is an outstanding receivable due from a company (GAZ) located in Russia that exceeds \$3 million. The Debtors attempted to work with GAZ and originally GAZ offered to return an amount significantly lower than the \$3 million owed. However, GAZ discontinued discussions with the Debtors and the Trust has been unable to engage GAZ in further settlement discussions. Accordingly, the Trustee has retained Russian counsel to pursue GAZ. Because of the international barriers this process is moving slower than hoped.
- The Trustee has reviewed and resolved the majority of the administrative expense claims of the various Estate professionals.
- The Trustee has reconciled and agreed to a settlement with Ford regarding account differences related to the transition processing agreement. The settlement is being documented by the parties and the Trust expects to complete the documentation and compliance with the terms of the settlement within the next 30 days.
- The Trust is in the midst of conducting discovery on a contested matter with respect to the administrative expense claim of Ferguson Integrated Services.
- The Trust and its counsel retained professionals to investigate the assets of the foreign subsidiaries. Based upon the information provided by the professionals, the Trust has confirmed that there are no assets in the foreign subsidiaries, except Canada. However, the Plan, Trust Agreement and Confirmation Order require the Trustee to liquidate and close the foreign subsidiaries. Accordingly, the Trust is continuing to wind down the foreign subsidiaries, except Canada, per the Plan.