

**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 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 LLC ("ESBA"), which has an office at 1700 Broadway 23rd Floor New York, NY, 10019 and 1500 JFK Blvd, Suite 1730 Philadelphia PA 19102 amongst others. I am a Certified Turnaround Professional and Certified Public Accountant. ESBA is the successor trustee to Executive Sounding Board Associates Inc., which was 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 seventh 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 30, 2015

/s/ Robert D. Katz
Robert D. Katz

Exhibit A

Executive Sounding Board

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Management and Financial Consultants

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January 30, 2015

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. and ESBA (the “Trustee”) have been fulfilling their 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 matter relating to the implementation of the Plan. This report is based on the information the Trustee has gathered at this time.

- The Trustee’s representatives have made multiple visits to the Company’s headquarters in Plymouth, Michigan including the most recent trip this past week January 21 to January 23, 2015. The trip included meeting with former representatives of the MDI transition team (New Metaldyne, which had previously been owned by MD Investors, was sold in 2014). The Trustee has also been involved in numerous calls and meetings with members of the Oldco M Corporation’s (“Oldco”) wind down 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 former Chief Liquidating Officer is being utilized on an as needed basis with a minimal base retainer paid to him weekly which has reduced the travel costs of the Trustee to the facilities and the fees charged to the estate.
- The Trustee has communicated continually with the Oversight Committee via written reports, e-mails and conference calls as to update the Committee and to obtain 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. Transfers to the storage facility continue as the Trust removes boxes from the Metaldyne facility. Boxes at the storage facility are categorized.

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- The visit to Michigan this week included discussions regarding the retention and ultimate destruction of the books and records of the Trust per the terms of the Trust Agreement as the Trust prepares and works on plans to close out the estate this year.
- All fifty-four of the OldCo bank accounts have been closed and all funds have been transferred to the Trust bank accounts under the direct control of the Trustee.

Farmington Hills

- All Farmington Hills matters are closed.

New Castle Facility

- New Castle facility matters are closed with the exception of payment of certain claims to unsecured parties in the normal course of the distribution process.

Canadian Entity

- On October 22, 2010, the Canadian Entity filed for bankruptcy (assignment) in Ontario, Canada. RSM Richter was appointed and was succeeded by Duff & Phelps Canada Restructuring Inc. as trustee (the "Canadian Trustee") to the bankrupt entity.
- For additional details regarding the Canadian bankruptcy see previous Distribution Trustee's semiannual reports.
- Canadian bank accounts were closed in 2011 and are now under the control of the Canadian Trustee. As of December 31, 2011 the balance was \$1,652,960.59 CAD; as of June 30, 2012 the balance in the account was approximately \$310,000 CAD. On May 17, 2012, the Trust received an initial net distribution for its proportionate share of the cash on hand of \$741,534.33 CAD (\$34,111 CAD for Canadian Taxes were paid). The Canadian Pension authority received \$471,600 CAD. The Trust received a final distribution in January 2014 for \$120,344.36 CAD (\$1,680.62 CAD for Canadian Taxes were paid) and the Canadian Pension authority through its representative PriceWaterhouse Coopers Inc. also received a final distribution of \$66,682.03 CAD. Total net distributions to the Trust were \$826,087.07 CAD (after paying \$35,791.62 CAD for Canadian Taxes).
- We have been advised by the Canadian Trustee that the wind down process for the Canadian Entity is complete. The Canadian Trustee's cash flow and flow of funds analysis and Final Report were filed with the Canadian authorities and are available upon request.

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Claims & Preference Actions

- 3,700 total claims were filed against the estate with approximately another 1,255 unsecured claims scheduled for which creditors did not file a proof of claim. The statistics below represent an approximate number of claims and amounts by category, i.e. secured, priority, administrative, unsecured. The figures are approximate as many creditors filed claims that include more than one category. As of this time the Trust believes all Administrative, Priority and Secured claims have been resolved.
 1. Administrative claims – The Trust has made three distributions to holders of administrative claims, totaling 46 claims at approximately \$568,300.
 2. Priority claims – The Trust had made three distributions to holders of priority claims, totaling 19 claims at approximately \$218,800.
 3. Secured claims – The Trust has made three distributions to holders of secured claims, totaling 12 claims at approximately \$341,800.
 4. Unsecured claims – The Trust made a 4th distribution to Unsecured Creditors of \$1.71 million in July 2014. Including this 4th distribution, the total distributions to Unsecured Creditors is approximately \$11.4 million. The allowed unsecured claims at the high end estimate could be \$200,000,000 of which approximately \$54 million relates to the allowed PBGC claim.
- The review and analysis of zero dollar and administrated claims has been completed. All administrative, secured, priority and unsecured claim objections have been filed and all said claims, with the exception of the claims filed by the ACE related companies, have been, to the best of the Trust’s knowledge, resolved and distributions have been made in accordance with the Plan. The Trust filed a complaint and a motion to estimate the remaining seven (7) claims of the ACE related companies (the “ACE Claims”), which in the aggregate sought claims in excess of \$11.4 million. The Trust, the ACE related companies, and MDI have been negotiating a resolution of the ACE Claims. The Trust is waiting for representatives of ACE and MDI to complete their negotiations to resolve the ACE Claims. Once those parties complete their negotiations, the Trust anticipates filing a motion to approve the settlement of the ACE Claims. The anticipated settlement should result in the withdrawal of all of the ACE Claims and the Trust receiving funds from the ACE related companies in excess of \$70,000.

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- The total of the four referenced payouts of approximately \$11.4 million to the unsecured claimants equates to a payout of approximately 5.8%, which is 400%+ in excess of the midpoint of 1.1% projected in the Feasibility Plan filed with the Court in February 2010.
- The Trust anticipates making an additional distribution and most likely a final distribution in the first half of 2015 increasing the realization for unsecured creditors even further beyond the minimum expected.
- The Trust hired MEMA Financial Services Group, Inc. as its distribution processing agent.
- Duane Morris was retained to assess and pursue avoidance actions. The Trust initially sent out 525 demand letters with respect to transfers made in the ninety days prior to the Petition Date.
- Duane Morris and Pryor Cashman, as conflicts counsel, (collectively, the “Law Firms”) filed 331 complaints/lawsuits back in May, 2011. As of the date of this report, the Law Firms have either settled and/or dismissed 306 of these adversary actions. As of January 29, 2015, Duane Morris collected approximately \$7.6 million in gross preference recoveries. Duane Morris distributed \$3.9 million to the Trust on August 30, 2012, and distributed \$1.4 million to the Trust on November 6, 2013. The Trust has approximately \$364,000 of non-disbursed net proceeds after deducting approximately \$2.3 million in fees and expenses paid to Duane Morris. The remaining \$364,000 is currently held in Duane Morris’ IOLTA account. Also, Duane Morris has reduced the unsecured creditors’ pool by approximately \$31.3 million.
- Pryor Cashman (“PC”) has been retained as conflicts counsel for avoidance actions. To date PC recovered approximately \$1.7 million in preference recoveries before deducting PC’s fees and expenses of approximately \$330,000. The Trust earned from PC’s efforts approximately \$1.370 million, all of which has been remitted to the Trust. In addition, PC has reduced the unsecured creditors’ pool by over \$1.7 million. Approximately thirty six (36) cases have been resolved.
- In addition to the 306 cases that have been settled and/or dismissed, a default judgment has been entered for twenty-five (25) of the remaining twenty-six (26) defendants since July 31, 2014. The one open adversary proceeding, which was pending the entry of a default judgment, has been dismissed with prejudice. To the best of the Trust’s knowledge all adversary proceedings have been resolved.

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- The default judgments have been sold to S&M Financial Services for \$7,500 with the approval of the Oversight Committee. The Trust and the Oversight Committee determined this sale was the most cost effective way to resolve the outstanding default judgments. Before selling them, the Trustee conferred with representatives from both Duane Morris and Pryor Cashman regarding the cost, time and effort required to pursue collecting upon these remaining judgments compared to the ultimate benefit received by the estates. Based upon this information, the Trust, with the approval of the Oversight Committee, determined that it was in the best interests of the Trust to sell the default judgments to S&M Financial Services. A list of the default judgments sold is available upon request.

Tax Matters

- The Trust's accountants, RSM McGladrey, prepared the Corporate Tax Returns for Oldco for the year ended March 29, 2010 and the short period from March 30, 2010 to March 31, 2010. The subsequent Federal and State tax returns and related forms have been timely filed through the years ended December 31, 2013.
- The IRS notified the Trust that the returns for the year ended March 29, 2010 and the period ended March 31, 2010 were under audit. The Trust and its accountants met with the IRS in Michigan and the IRS concluded their audits with no adjustment and issued a letter that there were no anticipated changes.
- Since all assets and liabilities of the estate were transferred to the Trust on the Effective Date (March 30, 2010) and Oldco's fiscal year ended on March 28, 2010, stub period returns for the Federal government, State of Michigan and City of Detroit were prepared and timely filed.
- The Trust and RSM McGladrey have addressed an issue with certain foreign tax forms filed during the transition in 2010 and while we are still awaiting a response, the Trust has not received any correspondences from any taxing authorities.
- The State tax returns for the year ended March 28, 2010 and the short period March 31, 2010 have all been filed. Earlier in 2012, the Trust received a final determination from Michigan that there would be no adjustments and all outstanding matters had been resolved. After the final determination, the Trust received a refund of \$325,056 from the State of Michigan. The Trust asked RSM McGladrey to perform its own internal audit to verify the amount was correct before the Trust cashed the check and accepted the refund. RSM McGladrey performed the internal review and based on this review, confirmed that the refund was correct and valid. Accordingly, the Trust deposited the refund in August 2014.

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- The Trust is waiting for final determinations from other states. The Trust also closed out the Debtors' corporate status in the State of California, which was supposed to have been completed by the Debtors but had not. To the best of the Trustee's knowledge, no remaining States need to be closed out.

General and Other Matters

- The Trust settled with Ford based on overpayments to Oldco's estate of \$934,449. From the \$934,449, the estate deducted funds set aside for anticipated losses at the Niles location of \$168,000 and \$12,000 in professional costs associated with the reconciliation process. The total paid to Ford on June 13, 2011 was \$754,449 along with the release of Ford's \$600,000 that was held in an escrow account at Foley & Lardner.
- Ferguson Administrative Expense Claim – Ferguson filed an administrative expense claim for approximately \$700,000. The Trust, through preference counsel, filed an adversary proceeding against Ferguson related to transfers made to Ferguson in the preference period. With the assistance of a mediator, counsel was able to settle both the administrative expense claim and adversary proceeding.
- The wind down of the Metaldyne B.V. in the Netherlands has been completed. The Trust has reaffirmed that there are no remaining assets. The Confirmation Order, Plan and Trust Agreement require the Trust to wind down this and certain other foreign subsidiaries. The wind down was fairly expensive. Tax returns were prepared and filed for the years ended 12/31/10 and 12/31/2011 and a final tax return was filed for the year ended December 2012.

Also, the appropriate paper work has been filed completing the liquidation. We received final acknowledgement from the Dutch authorities that the wind down has been successfully completed. The Trust filed the final Dutch tax return for the year ended December 31, 2012 and received final dispensation from the Dutch Tax authorities. Although the Dutch authorities have the right to issue an additional tax assessment under certain strict conditions within a 5 year period until the end of 2017, the Trust's accountants, KPMG Meijburg & Co of the Netherlands, indicated they do not anticipate any objections to our final filings.

- The Trust completed the wind down of an inactive company in Barbados.
- On behalf of the Trust, the Trustee filed a claim in the LCD Indirect Purchasers Settlement for 145 leased laptops and monitors. The claim includes 130 laptops and 15 monitors. The Trust received a check of \$40,770 in November 2014 related to this claim.

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- Under the terms of the Trust Agreement, the Trust is responsible for winding down Metaldyne's Hourly and Salary Pension plans (referenced as Plans 26 and 27) and the Master Trust including filing Form 5500 with the IRS. The Trust timely filed its 2010, 2011 and 2012 forms. It recently timely filed its 2013 final Form 5500 as well. All participants have exited the plan and there are no current members. Fidelity Investments assisted the Trust with the final distribution of funds to previous plan members. The Trustee worked with Fidelity Investments to locate the participants and make final distributions. The plans have been closed and all funds distributed.
- There was an outstanding receivable from a foreign company. The Trustee retained Mitnick & Malzberg P.C., a NJ based law firm, to aggressively proceed with the collection process. The Trust reached a settlement whereby the entity paid the Trust \$895,000 to settle the outstanding receivable. The Trust anticipated proceeds of approximately \$475,000 or 55% after contingency and fees were paid. The Trust received payment of \$479,306.19 in 2012 to resolve this matter.
- Early in 2011, the Trust received refunds, including interest, from the 1999/2000/2001 tax returns from the IRS resulting from royalty and management fees due the company from the Canadian affiliate. The Canadian government originally denied these royalty and management fees for purposes of the Canadian tax return. The US entity was assessed an amount from the Canadian authorities, which it paid in full. Therefore, the US entity filed amended returns with the Federal government and has received refunds for the portion of the amount paid to the Canadian tax authority. The Trust engaged a bankruptcy tax expert who assisted the Trust throughout the process including the interest received.
- The intent, notwithstanding any unforeseen circumstances, is to finalize and complete the liquidation of the Trust and distribution of Trust assets during 2015. The Trust must keep records for two year after the later of the distribution of all funds and the termination of the Trust. In addition, the Trust must destroy those same records after the two year period expires. The Trust is currently working on finalizing arrangements to comply with this provision of the Trust Agreement and may request to shorten the holding period for the records.

Please contact us if you have any questions.

Respectfully submitted,

Robert D. Katz

Robert D. Katz, CTP, CPA, MBA
Distribution Trustee