

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

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In re: :  
: Chapter 11  
: :  
Metaldyne Corporation, et al.,<sup>1</sup> : Case No. 09-13412 (MG)  
: :  
: Jointly Administered  
Debtors. :  
: :  
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**THIRD STIPULATION AND ORDER AMENDING FINAL  
ORDER PURSUANT TO SECTIONS 361, 362, 363, 364 AND 510  
OF THE BANKRUPTCY CODE AND RULE 4001 OF THE FEDERAL RULES  
OF BANKRUPTCY PROCEDURE (A) AUTHORIZING THE DEBTORS TO  
(I) USE CASH COLLATERAL OF THE PREPETITION SECURED LENDERS,  
(II) OBTAIN POSTPETITION FINANCING AND (III) PROVIDE ADEQUATE  
PROTECTION TO THE PREPETITION SECURED LENDERS AND (B)  
AUTHORIZING DEBTORS TO ENTER INTO, AND APPROVING, AN  
ACCOMMODATION AGREEMENT WITH CERTAIN CUSTOMERS**

WHEREAS, on May 27, 2009 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, on May 28, 2009, the Debtors filed that certain Motion of Debtors and Debtors in Possession for Interim and Final Orders Pursuant to Sections 361, 362, 363, 364

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<sup>1</sup>The other Debtors are Metaldyne Company LLC; Metaldyne Intermediate Holdco Inc.; MascoTech Saturn Holdings, Inc., MD Products Corp., ER Acquisition Corp.; Metaldyne Tubular Products, Inc.; W.C. McCurdy Co.; Halyard Aviation Services, Inc.; Metaldyne Europe, Inc.; NC-M Chassis System, LLC; MASG Disposition, Inc.; Metaldyne Services, Inc.; Metaldyne Machining and Assembly Company, Inc.; Precision Headed Products, Inc.; Windfall Products, Inc.; Metaldyne Asia, Inc.; Punchcraft Company; Metaldyne Sintered Components, LLC; Metaldyne Sintered Components of Indiana, Inc.; Metaldyne Sintered Components St. Marys, Inc., GMTI Holding Company; Metaldyne Precision Forming-Fort Wayne, Inc.; MASX Energy Services Group, Inc.; Metaldyne Light Metals Company, Inc.; Stahl International, Inc.; Metaldyne U.S. Holding Co.; Metaldyne DuPage Die Casting Corporation; Metaldyne Lester Precision Die Casting, Inc.; Windfall Specialty Powders, Inc.; Metaldyne Driveline Co. LLC; and Metaldyne Engine Co. LLC.

and 510 of the Bankruptcy Code and Rule 4001 of the Federal Rules of Bankruptcy Procedure (A) Authorizing the Debtors to (I) Use Cash Collateral of Prepetition Secured Lenders, (II) Obtain Postpetition Financing and (III) Provide Adequate Protection to Prepetition Secured Lenders, (B) Authorizing Debtors to Enter into, and Approving, an Accommodation Agreement with Certain Customers and (C) Providing Notice and Scheduling Final Hearing [Dkt. No. 24] (the "DIP Motion");

WHEREAS, on June 23, 2009 the Bankruptcy Court entered a final order approving the relief requested in the DIP Motion [Dkt. No. 296] (as amended by the First Stipulation and Order and by the Second Stipulation and Order (each as defined below), the "Final Order")<sup>2</sup>, including approval of the Accommodation Agreement in the form attached to the Final Order as Exhibit A (as amended by the First Stipulation and Order and by the Second Stipulation and Order, the "Accommodation Agreement");

WHEREAS, Section 3.B.(iv) of the Accommodation Agreement originally required that the Debtors obtain by July 27, 2009 one or more orders (collectively, a "Sale Order") from the Bankruptcy Court approving one or more sales (collectively, a "Sale") of all or substantially all of the assets comprising the Debtors' powertrain, balance shaft module and chassis businesses;

WHEREAS, on July 20, 2009, this Court entered a Stipulation and Order [Dkt. No. 462] (the "First Stipulation and Order") among the Debtors, the DIP Agent, the Prepetition ABL Agent and the Customers, which, among other things, extended to August 8, 2009 the date by which the Debtors were required to obtain a Sale Order from the Bankruptcy Court;

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<sup>2</sup> Capitalized terms used but not defined herein have the meanings given them in the Final Order.

WHEREAS, on August 10, 2009, this Court entered a Second Stipulation and Order [Dkt. No. 655] (the “Second Stipulation and Order”) among the Debtors, the DIP Agent, the Prepetition ABL Agent and the Customers, which, among other things, extended to August 15, 2009 the date by which the Debtors were required to obtain a Sale Order from the Bankruptcy Court;

WHEREAS, pursuant to Section 2 of the Accommodation Agreement, the “Term” of the Accommodation Agreement would have expired on August 15, 2009, if, among other things, the Bankruptcy Court had not entered a Sale Order by August 15, 2009;

WHEREAS, on August 12, 2009, this Court entered a Sale Order in the form of the Order (I) Authorizing the Sale of Substantially All of the Debtors’ Assets Free and Clear of All Liens, Claims, Interests and Encumbrances, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Leases in Connection Therewith and (III) Granting Related Relief [Dkt. No. 674] (the “MDI Sale Order”)<sup>3</sup>, which, among other things, authorized the sale of substantially all of the Debtors’ assets and businesses, and which constitutes a Sale Order for the purposes of the Accommodation Agreement, and thereby permitted the Debtors to extend the term of the Accommodation Agreement through August 27, 2009;

WHEREAS, on August 14, 2009, the Debtors notified the DIP Agent and the Customers that they were extending the term of the DIP Facility and the Accommodation Agreement through August 27, 2009 (the “Extended Termination Date”), thereby extending the “Term” of the DIP Facility and the Accommodation Agreement through the Extended Termination Date;

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<sup>3</sup> The term “MDI Sale Order” shall hereafter refer to such order, and the term “Sale” shall hereafter refer to the sale transaction contemplated thereby.

WHEREAS, upon the occurrence of an Event of Default<sup>4</sup>, and in any event immediately after the Extended Termination Date, the DIP Facility matures, the Debtors' authority to request extensions of credit under the DIP Facility and to use Cash Collateral terminates, and the Prepetition ABL Secured Parties, the DIP Secured Parties and the Customers may, among other things, exercise any of their respective rights and remedies under or pursuant to, and in accordance with, the Final Order, the Prepetition ABL Loan Documents, the Accommodation Agreement and applicable law;

WHEREAS, paragraph 15(a)(xix) of the Final Order provides that it is a DIP Default if, among other things,

“(xix) the Accommodation Agreement shall, subject to any applicable cure period, cease to be in full force and effect or an event or occurrence shall have occurred or exists which enables or entitles the Customers to declare the Debtors in breach thereof or to otherwise allow the Customers to exercise any of their rights and remedies thereunder.”;

WHEREAS, Section 3.B.(v) of the Accommodation Agreement requires that the Sale close by no later than August 27, 2009;

WHEREAS, among other events, the failure of the Debtors to close the Sale by August 27, 2009, and the occurrence of a DIP Default, constitute Events of Default under (and as defined in) the Accommodation Agreement;<sup>5</sup>

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<sup>4</sup> For clarity, Events of Default under and as defined in the Final Order shall hereafter be referred to as “DIP Defaults”.

<sup>5</sup> For clarity, Events of Default under and as defined in the Accommodation Agreement shall hereafter be referred to as “Accommodation Agreement Defaults”.

WHEREAS, upon the occurrence of any Accommodation Agreement Default and, in any event, immediately after the Extended Termination Date, each Customer may exercise its rights and remedies under the Accommodation Agreement;

WHEREAS, the Debtors presently believe that the Sale will not close by August 27, 2009, with the consequence being, among other things, an immediate occurrence of a DIP Default and an Accommodation Agreement Default, thereby (a) causing the immediate (i) maturity and termination of the DIP Facility and (ii) the termination of the Debtors' authority to utilize Cash Collateral, (b) allowing the Prepetition ABL Secured Parties, the DIP Secured Parties, and the Customers to exercise their respective rights and remedies under and in accordance with, as the case may be, the Final Order, the Prepetition ABL Loan Documents, the Accommodation Agreement and applicable law, and (c) jeopardizing the Debtors' ability to consummate the Sale;

WHEREAS, paragraph 15(a)(vi) of the Final Order provides that it is a DIP Default upon, among other things, "the entry of an order of the Court ... amending, supplementing, staying, vacating, reversing, revoking, rescinding, reconsidering or otherwise modifying this ... Final Order without the consent of the Prepetition ABL Agent";

WHEREAS, the Debtors have requested that the Prepetition ABL Secured Parties, the DIP Secured Parties, and the Customers agree to amend the Final Order and the Accommodation Agreement (each as previously amended by the First Stipulation and Order and the Second Stipulation and Order) to, among other things, extend through October 2, 2009 the respective terms of the Final Order and the Accommodation Agreement, in each case subject to the terms hereof, and the parties have agreed to the extensions and the other amendments set forth herein subject to the terms and conditions set forth below;

WHEREAS, the Debtors are informed that MD Investors Corporation will make a European antitrust filing on or before August 31, 2009;

WHEREAS, the amended and restated Budget attached hereto as Exhibit A includes another principal repayment of the Prepetition ABL Obligations in the amount of \$2,000,000 (the "ABL Paydown"); and

WHEREAS, the failure to approve this Stipulation will jeopardize the Sale, causing immediate and irreparable harm to the Debtors' estates and creditors.

**NOW, THEREFORE**, in consideration of the foregoing premises and of the mutual agreements and covenants hereinafter set forth, the parties agree as follows:

**Amendments to Final Order**

1. The second sentence of paragraph 2(a) of the Final Order is amended and restated as follows:

“The term (the “Term”) of the DIP Facility, which commenced on May 29, 2009, shall continue until, and shall terminate (and the DIP Loans shall immediately mature and become due and payable in full, and, if they are not otherwise indefeasibly paid in full in cash as a result of the consummation of a transaction or otherwise, the Prepetition ABL Agent and DIP Agent may immediately exercise all of their respective rights and remedies under and in accordance with the Final DIP Order, the Prepetition ABL Loan Documents and applicable law) upon the first to occur of (i) the Closing of the Sale Transaction on the Closing Date pursuant to the Order (I) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Leases in Connection Therewith and (III) Granting Related Relief dated August 12, 2009 [Dkt. No. 674] (the “MDI Sale Order”), (ii) October 2, 2009 and (iii) subject to paragraphs 15 and 16 of the Final Order, the occurrence of any other Event of Default.”

2. Paragraph 15 of the Final Order is amended as follows:

- (i) subparagraph (a)(xviii) is amended by deleting “or” appearing immediately after the semicolon at the end thereof;

- (ii) subparagraph (a)(xix) is amended by deleting the period at the end thereof and substituting “; or” therefor; and
- (iii) subparagraph 15(a) is amended by inserting a new paragraph (xx), immediately following paragraph (xix), as follows:

“(xx) (A) the Sale Transaction (as defined in the MDI Sale Order), is not consummated by October 1, 2009, (B) the Sale Transaction is consummated at any time without the immediate and indefeasible payment in full in cash of all of the Prepetition ABL Obligations and all of the DIP Obligations, (C) the termination of the Purchase Agreement (as defined below) by any party thereto for any or no reason, (D) the Debtors have failed to deliver to the Buyer (as defined in the Purchase Agreement) by September 23, 2009 a draft Transitional Services Agreement (as defined in the Purchase Agreement), (E) the Debtors shall have failed to make their U.S. antitrust filing required for consummation of the Sale Transaction on or before September 4, 2009, or (F) any of the facilities included in the Transferred Facilities (as defined in the Purchase Agreement) shall have ceased or materially curtailed operations.”

3. For avoidance of doubt, the Debtors’ right to use Cash Collateral or request DIP Loans for any purpose (including to fund the Carve-Out described in paragraph 7 of the Final Order) shall terminate immediately upon the first to occur of: (a) October 2, 2009, (b) a Closing of the Sale Transaction pursuant to the MDI Sale Order and (c) subject to paragraphs 15 and 16 of the Final Order the sooner occurrence of any other Event of Default.

4. The Budget attached hereto as Exhibit A contemplates that, and the parties hereto and MD Investors Corporation agree that, the DIP Facility will be used solely in accordance with the Final Order and the Budget to fund postpetition claims (or prepetition claims if payment of such has been approved by Court order) and only to the extent that (i) such claims cannot be paid by the Debtors from cash available to the Debtors and (ii) an expense in respect of such claim is actually incurred or actually arises. The parties hereto and MD Investors Corporation also agree that, for purposes of determining the "outstanding Indebtedness under the DIP Facility

immediately prior to Closing" when calculating the Closing Date Consideration under the Purchase Agreement, dated as of August 7, 2009, between MD Investors Corporation and Metaldyne Corporation, as approved by the MDI Sale Order (the "Purchase Agreement"), such determination shall be made as if the ABL Paydown had not occurred. For the avoidance of doubt, for purposes of determining the "outstanding Indebtedness under the DIP Facility immediately prior to Closing," the Indebtedness under the DIP Facility shall be reduced by the amount of the ABL Paydown. Pursuant to Section 4.01 of the Purchase Agreement, MD Investors Corporation consents to the ABL Paydown. Capitalized terms used in this paragraph and not defined have the meanings given to them in the Purchase Agreement..

5. The Budget is amended and restated in the form attached hereto as Exhibit A, and shall constitute the Budget for all purposes under the Final Order, as amended hereby.

6. References in the Final Order to the Accommodation Agreement shall be to the Accommodation Agreement as amended hereby.

#### **Amendments to Accommodation Agreement**

7. The first sentence of Section 2 is amended by deleting "August 27, 2009" and substituting therefor "October 1, 2009".

8. Subparagraph (v) of Section 3.B is amended and restated as follows:

“(v) Closing Date. Close the Sale Transaction pursuant to the MDI Sale Order and the Purchase Agreement by October 1, 2009.”

#### **Miscellaneous**

9. This Third Stipulation and Order supplements and amends the Final Order and the Accommodation Agreement, and except as expressly supplemented or amended hereby, the Final Order and the Accommodation Agreement shall continue in full force and effect.



10. This Third Stipulation and Order does not constitute, and shall not be deemed to constitute a waiver of any DIP Default or Accommodation Agreement Default or compliance with any term, provision or condition of the Final Order or the Accommodation Agreement, or any other instrument or agreement referred to therein or relating thereto, or prejudice any right or remedy that any or all of the DIP Secured Parties, the Prepetition ABL Secured Parties or the Customers may now have or that may in the future arise under or in connection with, as the case may be, the Final Order, the Prepetition ABL Loan Documents, the Accommodation Agreement or any other instrument or agreement referred to therein or relating thereto, including the right to, individually or collectively, enforce any remedies under such documents.

11. Other than as specifically provided herein, this Third Stipulation and Order shall not operate as a waiver or amendment of any right, power or privilege of any or all of the DIP Secured Parties, the Prepetition ABL Secured Parties or the Customers under, as the case may be, the Final Order, the Prepetition ABL Loan Documents, the Accommodation Agreement or of any other term or condition of any other instrument or agreement referred to therein or relating

thereto, including, without limitation, the relative rights, remedies or priorities of the DIP Secured Parties, the Prepetition ABL Secured Parties or the Customers.

<p><b>WHITE &amp; CASE</b> Counsel to Deutsche Bank, AG New York Branch (in its respective capacities as DIP Agent and Prepetition ABL Agent) 1155 Avenue of the Americas New York, NY 10036 Attention: Eric Leicht &amp; Scott Greissman Phone: (212) 819 8567 Facsimile: (212) 354-8113 Email: <a href="mailto:eleicht@whitecase.com">eleicht@whitecase.com</a> <a href="mailto:sgreissman@whitecase.com">sgreissman@whitecase.com</a></p> <p><u>s/Scott Greissman</u></p>	<p><b>JONES DAY</b> Counsel to the Debtors and Debtors in Possession North Point 901 Lakeside Avenue Cleveland, OH 44114 Attention: Heather Lennox Phone: (216) 586-7111 Facsimile: (216) 586-3939 Email: <a href="mailto:hlennox@jonesday.com">hlennox@jonesday.com</a></p> <p><u>s/Heather Lennox</u></p>
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s/Christopher Marcus

SO ORDERED by the Bankruptcy Court this 27<sup>th</sup> day of August, 2009

/s/Martin Glenn

UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT A**

**Budget**