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Attorneys for AIG Commercial Equipment Finance, Inc.

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

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

**LIMITED OBJECTION OF AIG COMMERCIAL EQUIPMENT FINANCE, INC. TO
THE DEBTORS' THIRD NOTICE OF EXECUTORY CONTRACTS AND UNEXPIRED
LEASES TO BE ASSUMED AND ASSIGNED IN CONNECTION WITH THE SALE OF
THE MAJORITY OF THE DEBTORS' ASSETS**

AIG Commercial Equipment Finance, Inc. ("AIG"), by its attorneys, hereby submits this Limited Objection to the Debtors' Third Notice of Executory Contracts and Unexpired Leases to be Assumed and Assigned in Connection with the Sale of the Majority of the Debtors' Assets (the "Third Cure Notice") [Docket No. 833] with respect to the proposed assumption and assignment of the lease identified as Schedule No. 3, dated 02/04/2005, to the Master Lease

Agreement between General Electric Capital Corporation and Metaldyne Corporation LLC, dated 12/30/2004, by and between AIG Commercial Equipment Finance, Inc. and Metaldyne Corporation LLC (the "AIG Lease").

A. The Debtors Have Not Provided Adequate Assurance Of Future Performance With Respect To The AIG Lease.

1. Section 365(b) of the Bankruptcy Code requires that a debtor, prior to the assumption and assignment of an executory contract, must (1) cure any defaults (or provide adequate assurance of a prompt cure of any defaults) under such contract and (2) provide adequate assurance of future performance under such contract.

2. A material term of the AIG Lease requires that the Lessee shall maintain at all times an Acceptable Letter of Credit (as defined in the AIG Lease), for the benefit of AIG, in order to secure the obligations of the Lessee under the AIG Lease. *See* Section 17(b)(xi) of the AIG Lease. Among other requirements that comprise an Acceptable Letter of Credit, an Acceptable Letter of Credit shall be an irrevocable transferable letter of credit issued by JP Morgan Chase Bank (or another bank acceptable to AIG in its discretion) having, as of the date of issuance, a stated amount equal to \$1,198,940.20. *See Id.*

3. At this time, neither the Debtors nor MD Investors has provided AIG with a letter of intent or other sufficient evidence to establish that MD Investors is capable of, or has obtained, an Acceptable Letter of Credit as required by the AIG Lease. Indeed, AIG has no knowledge of whether MD Investors is willing or prepared to comply with such requirement. Accordingly, until such evidence is provided, AIG objects to the assumption and assignment of the AIG Lease to MD Investors for lack of adequate assurance of future performance.

B. Reservation Of Rights Of AIG As To The Existing Letter Of Credit.

4. AIG additionally objects to the Third Cure Notice to the extent the relief sought by the Debtors therein (or in the Bid Procedures Orders or the Sale Order) would in any way impair, modify, terminate or alter any of the rights of AIG under the current Acceptable Letter of Credit obtained by Metaldyne Company LLC pursuant to the AIG Lease, Documentary Credit Number P-620468, issued as of February 3, 2005, established by JP Morgan Chase Bank, N.A. in favor of AIG in the stated amount of \$1,198,940.20 (the "Existing Letter of Credit"). The Existing Letter of Credit is independent of the AIG Lease, and any Default (as defined in the AIG Lease) under the AIG Lease, whether occurring before or after the commencement of this bankruptcy case, shall not be deemed waived, satisfied or cured for purposes of AIG's drawing right's under the Existing Letter of Credit and the AIG Lease. *See generally* In re Lancaster Steel Co., 284 B.R. 152 (S.D.Fla 2002); In re Spring Food Indus., Inc., 338 B.R. 255 (E.D.Pa 2006).

5. AIG expressly reserves all of its rights to make further arguments during a subsequent hearing on the Third Cure Notice, the Bid Procedures Orders or the Sale Order regarding the AIG Lease, the Existing Letter of Credit, or any other interest it may have with respect to the proposed sale to MD Investors.

WHEREFORE, for the reasons set forth above, AIG requests that the Court enter an order (1) denying, at this time, the requested assumption and assignment of the AIG Lease to MD Investors, and (2) denying such requested relief to the extent the Debtors seek to impair, modify, terminate or alter any of the rights of AIG under the Existing Letter of Credit.

Dated: October 13, 2009

Respectfully Submitted,

By: /s/ Mitchell D. Cohen

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a copy of the Limited Objection to the Debtors' Third Notice of Executory Contracts and Unexpired Leases to be Assumed and Assigned in Connection with the Sale of the Majority of the Debtors' Assets to be filed with the Clerk of the U.S. Bankruptcy Court, Southern District of New York, using the CM/ECF filing system, which caused a copy to be electronically mailed to all CM/ECF participants registered to receive electronic notices in the above captioned case; and served by email to the following parties on this 13th day of October 2009:

David McKee, Esq. Email: DavidMcKee@metaldyne.com	Heather M. Lennox, Esq. Email: hlennox@jonesday.com
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/s/ Mitchell D. Cohen