

(Translation)

November 17, 2008

Name of company: Asahi Tec Corporation (the “Company”)  
Representative: Hideo Ishii (President, Representative Executive Officer and Co-CEO)  
Code Number: 5606 (Tokyo Stock Exchange 1st Section)  
Contact: Yoshio Koyano (Controller)  
(Phone: +81-537-36-3103)

### **Release of Quarterly Report of Metaldyne Corporation, a Wholly-Owned US Subsidiary of the Company, for the Second Quarter of the Fiscal Year Ending March 31, 2009**

On October 30, 2008, the Company announced that Metaldyne Corporation (“Metaldyne” or “its”), a wholly-owned US subsidiary of the Company, commenced a tender offer to purchase for cash any and all of its outstanding bonds, which have a combined aggregate principal amount of \$392.2 million, as in the Company’s press release “Announcement of Cash Tender Offer for Bonds of Our Wholly Owned Subsidiary.” The tender offer will remain open until November 26, 2008 (US time), and if the tender offer is successfully completed, Metaldyne would have significantly de-leveraged its balance sheet as compared to current levels and Metaldyne’s funded debt would be reduced approximately \$908.4 million to \$588.5 million. Therefore, in order to confirm the impact of the cash tender offer to Metaldyne’s and the Company’s consolidated financial statements, which is a subsequent event, the Company decided to announce the Company’s consolidated financial results for the second quarter ended September 30, 2008 on November 27, 2008.

Metaldyne also announced that it had launched a cash tender offer for 100% of its outstanding bonds, which have a combined aggregate principal amount of \$392.2 million, and the tender offer will remain open until November 26, 2008 (US time). Therefore, in order to secure the timely disclosure of its financial results to its investors, Metaldyne is going to release its consolidated financial statements for the quarterly period ended September 28, 2008 on November 17, 2008 (US time) before the Company discloses the Company’s consolidated financial statements for the six months ended September 30, 2008. The summary of its quarterly report is as follows.

**METALDYNE CORPORATION IS NOT SUBJECT TO THE PERIODIC REPORTING REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934 AND ACCORDINGLY, THIS DOCUMENT HAS NOT BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**QUARTERLY REPORT**  
**On the Equivalent of a Form 10-Q**

**For the Quarterly Period Ended**  
**September 28, 2008**

**Metaldyne Corporation**

**Delaware** **38-2513957**  
(State of Incorporation) (I.R.S. Employer  
Identification No.)

**47659 Halyard Drive, Plymouth, Michigan** **48170-2429**  
(Address of Principal Executive Offices) (Zip Code)

Telephone number, including area code: 734-207-6200

There is currently no public market for the Company's common stock.

Number of shares outstanding of the Company's common stock at November 1, 2008: 1,000, par value \$0.01 per share.

**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**METALDYNE CORPORATION  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 28, 2008 AND MARCH 30, 2008  
(Dollars in thousands)**

	<u>September 28, 2008</u>	<u>March 30, 2008</u>
	(Unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 42,719	\$ 18,55
Receivables, net:		
Trade (net of allowances of \$1,331 and \$1,777 at September 28, 2008 and March 30, 2008, respectively).....	142,374	144,27
Other .....	<u>9,884</u>	<u>13,16</u>
Total receivables, net .....	152,258	157,44
Inventories .....	87,997	93,14
Deferred income taxes .....	8,328	8,32
Prepaid expenses and other assets .....	19,290	23,54
Assets of discontinued operations .....	<u>47,073</u>	<u>84,96</u>
Total current assets .....	357,665	385,98
Property and equipment (net of accumulated depreciation of \$162,838 and \$116,999 at September 28, 2008 and March 30, 2008, respectively) .....	485,248	532,21
Goodwill .....	173,693	223,32
Amortized intangible assets .....	447,474	482,34
Other assets .....	<u>18,615</u>	<u>20,94</u>
Total assets .....	<u>\$ 1,482,695</u>	<u>\$ 1,644,80</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 179,092	\$ 212,01
Accrued liabilities .....	85,703	94,75
Related party loan .....	22,208	23,93
Current liabilities of discontinued operations .....	19,611	24,78
Current maturities, long-term debt .....	<u>11,400</u>	<u>8,19</u>
Total current liabilities .....	318,014	363,68
Long-term debt.....	874,763	831,77
Deferred income taxes .....	81,246	88,40
Minority interest .....	716	83
Other long-term liabilities .....	85,454	108,94
Long-term liabilities of discontinued operations .....	<u>6,721</u>	<u>8,64</u>
Total liabilities .....	<u>1,366,914</u>	<u>1,402,28</u>
Shareholder's equity:		
Common stock, \$0.01 par, Authorized and Outstanding: 1,000 shares .....	--	.
Paid-in capital .....	445,127	428,62
Accumulated deficit .....	(388,557)	(280,15)
Accumulated other comprehensive income.....	<u>59,211</u>	<u>94,04</u>
Total shareholder's equity .....	<u>115,781</u>	<u>242,52</u>
Total liabilities and shareholder's equity .....	<u>\$ 1,482,695</u>	<u>\$ 1,644,80</u>

See accompanying notes to the consolidated financial statements.

**METALDYNE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 28, 2008 AND SEPTEMBER 30, 2007**  
**(Dollars in thousands)**

	Three Months Ended		Six Months Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(Unaudited)		(Unaudited)	
Net sales .....	\$ 323,756	\$ 398,966	\$ 750,292	\$ 874,632
Cost of sales .....	<u>(331,495)</u>	<u>(377,370)</u>	<u>(724,635)</u>	<u>(802,512)</u>
Gross profit (loss) .....	(7,739)	21,596	25,657	72,120
Selling, general and administrative expenses .....	(10,572)	(11,443)	(22,329)	(35,271)
Restructuring charges .....	(212)	(465)	(633)	(1,105)
Fixed asset impairment .....	(34)	--	(132)	--
Goodwill impairment .....	<u>(49,403)</u>	<u>--</u>	<u>(49,403)</u>	<u>--</u>
Operating profit (loss) .....	<u>(67,960)</u>	<u>9,688</u>	<u>(46,840)</u>	<u>35,744</u>
Other income (expense), net:				
Interest expense .....	(22,400)	(24,142)	(44,997)	(48,067)
Gain on extinguishment of debt .....	31,035	--	31,035	--
Other, net .....	<u>(942)</u>	<u>(2,454)</u>	<u>(3,257)</u>	<u>(3,903)</u>
Other income (expense), net .....	<u>7,693</u>	<u>(26,596)</u>	<u>(17,219)</u>	<u>(51,970)</u>
Loss from continuing operations before income taxes .	(60,267)	(16,908)	(64,059)	(16,226)
Income tax expense (benefit) .....	<u>1,746</u>	<u>(3,388)</u>	<u>6,310</u>	<u>58</u>
Loss from continuing operations .....	(62,013)	(13,520)	(70,369)	(16,284)
Loss from discontinued operations				
before income taxes .....	(3,145)	(3,048)	(4,511)	(4,965)
Income tax expense from discontinued operations.....	<u>220</u>	<u>400</u>	<u>571</u>	<u>827</u>
Loss from discontinued operations.....	(3,365)	(3,448)	(5,082)	(5,792)
Loss on discontinued operations (net of tax of zero) .....	<u>(32,955)</u>	<u>--</u>	<u>(32,955)</u>	<u>--</u>
Net loss .....	<u>\$ (98,333)</u>	<u>\$ (16,968)</u>	<u>\$ (108,406)</u>	<u>\$ (22,076)</u>

See accompanying notes to the consolidated financial statements.

**METALDYNE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED SEPTEMBER 28, 2008 AND SEPTEMBER 30, 2007**  
**(Dollars in thousands)**

	<b>Six Months Ended</b>	
	<b>September 28, 2008</b>	<b>September 30, 2007</b>
	<b>(Unaudited)</b>	
Cash flows from operating activities:		
Net cash used for operating activities .....	\$ (48,087)	\$ (9,141)
Cash flows from investing activities:		
Capital expenditures .....	(20,264)	(30,083)
Repurchase of leased assets .....	(468)	--
Proceeds from sale of fixed assets .....	2,467	1,048
Adjustments to proceeds from Asahi Tec .....	--	(116)
Investing cash flows used for discontinued operations.....	<u>(328)</u>	<u>(3,291)</u>
Net cash used for investing activities.....	<u>(18,593)</u>	<u>(32,442)</u>
Cash flows from financing activities:		
Proceeds of line of credit loan facilities .....	--	2,077
Proceeds of revolving credit facility .....	132,650	67,950
Principal payments of revolving credit facility .....	(57,650)	(42,950)
Proceeds of other debt .....	2,834	16
Principal payments of other debt.....	(2,292)	(1,350)
Additional paid in capital from Asahi Tec.....	16,500	--
Financing cash flows used for discontinued operations.....	<u>--</u>	<u>(101)</u>
Net cash provided by financing activities.....	<u>92,042</u>	<u>25,642</u>
Effect of exchange rates on cash .....	<u>(1,196)</u>	<u>328</u>
Net increase (decrease) in cash .....	24,166	(15,613)
Cash and cash equivalents, beginning of period.....	<u>18,553</u>	<u>28,860</u>
Cash and cash equivalents, end of period .....	<u>\$ 42,719</u>	<u>\$ 13,247</u>
Supplementary cash flow information:		
Cash paid for income taxes, net.....	4,442	5,879
Cash paid for interest .....	46,020	54,322
Noncash transactions – capital leases (net) .....	30	275

See accompanying notes to the consolidated financial statements.

## An Explanatory Note

### 1. Goodwill

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets,” the Company performs impairment tests for goodwill annually, or more frequently if events or circumstances indicate it might be impaired. In the three months ending September 28, 2008, a significant decline in projected volumes in the North American light truck and passenger car production, specifically for the Detroit Three manufacturers, indicated the need for the Company to consider a goodwill impairment analysis as required by SFAS No. 142 for one reporting unit within the Chassis segment. During this goodwill impairment analysis, it was determined that the carrying value of this reporting unit within the Chassis segment exceeded its estimated fair value. Fair value of the reporting unit was estimated using discounted projected cash flows. The implied fair value of the reporting unit’s goodwill, the amount remaining after allocating the reporting unit’s estimated fair value to all the assets and liabilities of the unit, was zero, resulting in the impairment of the reporting unit’s entire goodwill balance. The total impairment loss recognized during the three months ended September 28, 2008 was \$49.4 million.

The changes in the carrying amount of goodwill for the six months ended September 28, 2008 were as follows:

	(In thousands)		
	Powertrain	Chassis	Total
Balance as of March 30, 2008 .....	\$102,474	\$120,846	\$223,320
Goodwill impairment loss .....	-	(49,403)	(49,403)
Tax contingency adjustment .....	(101)	(123)	(224)
Balance as of September 28, 2008 .....	<u>\$102,373</u>	<u>\$ 71,320</u>	<u>\$173,693</u>

### 2. Discontinued Operations

On July 22, 2008, the Company announced it will seek to divest its Middleville, Mich., and Niles, Ill., facilities, as part of the strategic focus developed under its “Plan to Win” program. In addition, on September 2, 2008, the Company announced it has entered into an agreement to divest its GLO S.r.L. operation in Poggio Rusco, Italy. Both the Middleville and Niles operations were part of the Powertrain Segment, and the GLO operation was part of the Chassis Segment. The Company determined that the Middleville, Niles and GLO operations qualify for the assets held for sale treatment. Therefore, the results of operations for these locations for the current and prior periods have been reported as discontinued operations. The assets and liabilities of the Niles, Middleville and GLO operations have been reclassified as assets and liabilities of discontinued operations in the Company’s consolidated balance sheets at September 28, 2008 and March 30, 2008.

The Company determined that the carrying amount of the Niles and Middleville assets exceeded their fair value less cost to sell. Therefore, the Company recorded a write-down of the Niles and Middleville assets during the current period to reduce the assets to their fair value less cost to sell. This loss on discontinued operations amounted to \$33.0 million, reflecting the write-down of the Niles and Middleville long-lived assets and estimated costs to sell of \$0.8 million.

### **3. Tender Offer, Consent Solicitation and Acceptance Solicitation**

On October 29, 2008, the Company also commenced a tender offer (the "Tender Offer") to purchase for cash any and all of our outstanding 10% Senior Notes due 2013 (the "Senior Notes") and 11% Senior Subordinated Notes due 2012 (the "Senior Subordinated Notes" and, together with the Senior Notes, the "Notes").

Concurrently with the Tender Offer, the Company is soliciting (the "Consent Solicitation") the consents of registered holders of the outstanding Notes to certain proposed amendments (the "Proposed Amendments") to the indentures under which the Notes were issued (the "Indentures"). Adoption of the Proposed Amendments to the Indentures requires consents from the holders of at least two-thirds of the aggregate principal amount of each of the Senior Notes and the Senior Subordinated Notes. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain event of default provisions presently contained in each of the Indentures and would release all collateral securing the Notes.

Concurrently with the Tender Offer, the Company is also soliciting (the "Acceptance Solicitation") from holders who held Notes as of October 24, 2008 ballots voting to accept a prepackaged plan of reorganization for the resolution of outstanding claims against, and equity interests in, the Company and its domestic subsidiaries who are the debtors and debtors in possession named therein (the "Debtors"). If all the conditions to the Tender Offer and the Consent Solicitation are not met (or waived) by the Company, but the Company obtains sufficient votes in favor of the plan of reorganization, the Debtors may, in their sole discretion, commence voluntary cases under Chapter 11 of Title 11 of the United States Code. However, the board of directors of the Company has not, at this time, taken any action to approve such a filing.

The Tender Offer and the Consent Solicitation are conditioned upon the satisfaction of certain conditions, including the receipt of funding from RHJI/Asahi Tec and the Customers and that at least 95% in aggregate principal amount of all the Senior Notes and Senior Subordinated Notes are validly tendered and accepted for payment. The Company reserves the right to waive, where possible, any and all conditions to the Tender Offer or the Consent Solicitation prior to the expiration of the Tender Offer.

If the Tender Offer is not consummated and the Debtors were to decide to file the plan of reorganization, it could be confirmed by a bankruptcy court if the Company receives in the Acceptance Solicitation the affirmative votes of two-thirds in dollar amount and more than one-half in number of holders of each class of creditors that is permitted to vote and who actually cast ballots. The Notes constitute the only claims that would be considered to be impaired for purposes of the plan of reorganization. Therefore, only the holders of Notes are entitled to vote to accept or reject the plan of reorganization. Under the plan of reorganization, holders of Notes would receive substantially the same consideration in respect of their Notes as they could receive if they validly tender their Notes prior to the early participation deadline in the Tender Offer (as discussed below). The plan or reorganization proposes that general unsecured creditors, including suppliers of the Debtors, would be paid in full as of the effective date of the plan or in the ordinary course of business after the effective date.

The Tender Offer will remain open until November 26, 2008 unless extended by the Company. The purchase price for Notes tendered at or prior to an early participation deadline of November 18, 2008, is \$106.30 per \$1,000 principal amount of the Senior Subordinated Notes and \$270.18 per \$1,000 principal amount of the Senior Notes. In the case of Notes tendered after the early participation deadline but before the expiration date, the Company will pay \$101.30 per \$1,000 principal amount of Senior Subordinated Notes and \$265.18 per \$1,000 principal amount of Senior Notes. The aggregate amount required to purchase all Notes, if tendered at or prior to the early participation deadline, is \$65 million. The purchase prices include accrued interest and no additional payment in respect of interest on Notes tendered and accepted for payment will be made. The expiration date and early participation deadline can be extended by the Company.