UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the period from __________to __________

Commission File Number 1-36774

Metaldyne Performance Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-1420222**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

One Towne Square
Suite 550
Southfield, MI 48076
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**New York Stock Exchange**

Securities registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common stock held by nonaffiliates of the registrant on July 1, 2016 (the last business day of the most recently completed second fiscal quarter) was approximately $202.0 million; computed by reference to the closing sale price as reported on the New York Stock Exchange on such date.

As of March 2, 2017, the registrant had 67,923,410 shares of voting common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required to be included in Part III of this Annual Report on Form 10-K will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("10-K"), including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in other reports filed with the Securities and Exchange Commission (the "SEC"), including the documents incorporated herein by reference, in materials delivered to stockholders, and in press releases. In addition, our officers and representatives may from time to time make oral forward-looking statements.

All statements other than statements of historical fact or relating to present facts or current conditions included in this 10-K are forward-looking statements. Forward-looking statements give our current beliefs, expectations and assumptions relating to our financial condition, results of operations, plans, projections, objectives, strategies, anticipated events and trends, future performance, and business, the economy and other future conditions. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "will," "project," "plan," "intend," "believe," "may," "should," "could," "can have," "likely," "goal," "seek," "strategy," "future," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Examples of forward-looking statements include, among others, statements we make regarding:

- Guidance relating to fiscal year 2017 (or beyond);
- Expected operating results, such as revenue growth and earnings;
- Anticipated levels of capital expenditures for fiscal year 2017 or beyond;
- Current or future volatility in the credit markets and future market conditions;
- Our belief that we have sufficient liquidity to fund our business operations during the next 12-15 months;
- Expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings;
- Strategy for customer retention, growth, product development, market position, financial results and reserves; and
- Strategy for risk management.

The forward-looking statements contained in this 10-K are based on assumptions that we have made. As you read and consider this 10-K, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond our control), and assumptions and you should not rely on any of these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors are difficult to predict and could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements, including may factors that are outside of our control. We believe these factors include, but are not limited to, those described under or incorporated in "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk." Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Any forward-looking statement made by us in this 10-K is based only on information currently available to us and speaks only as of the date on which we make it. Factors or events that could cause our actual operating and financial performance to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

AVAILABLE INFORMATION

Through its website (www.mpgdriven.com), the Company will make available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, any amendments to those reports, and other filings with the SEC, as soon as reasonably practicable after they are filed or furnished. The Company also makes the following documents available on its website: the Audit Committee Charter; the Compensation Committee Charter; the Nominating and Corporate Governance Committee Charter; the Company's Corporate Governance Guidelines; the Company's Code of Business Conduct and Ethics; and the Company's Related Party Transaction, Insider Trading, Whistleblower, Environmental, and Safety & Health policies. Copies of these posted materials are also available in print, free of charge, to any stockholder upon request from: MPG Investor Relations, One Towne Square, Suite 550, Southfield, MI, or via telephone in the U.S. at (248) 727-1829, or e-mail at investors@mpgdriven.com . The inclusion of our website address in this report is an inactive textual reference only and is not intended to include or incorporate by reference the information on our website into this 10-K. The public may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains our reports, proxy and information statements, and other information about the Company on its website (www.sec.gov).

PAR T I

ITEM 1. BUSINESS

General

Metaldyne Performance Group Inc. (“MPG”) is a Delaware corporation incorporated on June 9, 2014. Our business was formed through the combination of three metal-forming technology manufacturing companies, ASP HHI Holdings, Inc. (together with its subsidiaries, “HHI”), ASP MD Holdings, Inc. (together with its subsidiaries, “Metaldyne”), and ASP Grede Intermediate Holdings LLC (together with its subsidiaries, “Grede”) on August 4, 2014 (the “Combination”). Each of the three operating groups was owned primarily by certain private equity funds affiliated with American Securities LLC (together with its affiliates, “American Securities”). American Securities acquired its interest in HHI in October 2012, Metaldyne in December 2012, and Grede in June 2014.

A brief summary of the history of HHI, Metaldyne, and Grede follows:

- HHI was formed in 2005 and, from 2005 through 2009, completed the acquisitions of Impact Forge Group, LLC, and Cloyes Gear and Products, Inc., and following a §363 U.S. Bankruptcy Court supervised sale process, acquired certain assets and assumed specified liabilities from FormTech LLC, Jernberg Holdings, LLC and Delphi Automotive PLC’s wheel bearing operations.
- Metaldyne was formed in 2009 as a new entity to acquire certain assets and assume specified liabilities from the former Metaldyne Corporation (“Oldco M Corporation”) following a §363 U.S. Bankruptcy Court supervised sale process. Oldco M Corporation was previously formed when MascoTech, Inc., a then-publicly traded company, was taken private and acquired Simpson Industries, Inc., another then-public company.
- Grede was formed in 2010 through a combination of the assets of the former Grede Foundries, Inc. and Citation Corporation, following a §363 U.S. Bankruptcy Court supervised sale process. Subsequently, Grede acquired Foseco-Morval Inc., GTL Precision Patterns Inc., Paxton-Mitchell Corporation, Virginia Castings Industries LLC, Teknik, S.A. de C.V., and Novocast, S.A. de C.V.

Effective December 12, 2014, MPG completed an initial public offering (the “IPO”) and began trading on the New York Stock Exchange under the ticker symbol “MPG.” Unless otherwise stated in this 10-K, references to “MPG,” the “Company,” “we,” “our,” “us,” and similar terms refer to Metaldyne Performance Group Inc. and all of its subsidiaries.

This 10-K presents HHI as the predecessor to MPG for financial reporting purposes. The period prior to October 6, 2012 is referred to as the Predecessor Period and the periods from October 6, 2012 to December 31, 2016 are referred to as the Successor Period. The Combination has been accounted for as a reorganization of entities under common control in a manner similar to a pooling of interests, and, as such, the bases of accounting of HHI, Metaldyne and Grede were carried over to MPG. These consolidated financial statements reflect the retrospective application of MPG’s capital structure and consolidated presentation of the Combination for the Successor Period. Our historical capital structure has been retroactively adjusted to reflect our post-Combination capital structure for the Successor Period.

Merger Agreement

On November 3, 2016, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with American Axle & Manufacturing Holdings, Inc., a Delaware corporation (“AAM”) and Alpha SPV I, Inc., a Delaware corporation and wholly owned subsidiary of AAM (“Merger Sub”), pursuant to which Merger Sub will be merged with and into the Company (the “AAM Merger”) with the Company surviving the AAM Merger as a wholly owned subsidiary of AAM. The Merger Agreement and the transactions contemplated thereby have been approved and adopted by the boards of directors of both AAM and the Company. The Merger Agreement will be presented to the Company’s stockholders for adoption and approval as well as to AAM’s stockholders to approve the issuance of shares of AAM common stock to the Company’s stockholders in the AAM Merger (the “AAM Share Issuance”), and such stockholder approvals are currently expected during the first half of 2017.

At the effective time of the AAM Merger, each share of our common stock issued and outstanding (other than any shares of our common stock held by AAM, Merger Sub or any other wholly owned subsidiary of AAM, treasury shares held by us and shares owned by stockholders who have properly made and not withdrawn a demand for appraisal rights under Delaware law) will be converted into the right to receive $13.50 in cash, without interest and 0.5 share of AAM common stock (the “Merger Consideration”). In addition, immediately prior to the effective time of the AAM Merger, all then-outstanding unvested Company restricted stock awards, restricted stock units and stock options will be accelerated in full and, upon completion of the AAM Merger (i) all then-outstanding Company restricted stock awards and restricted stock units will be converted into the right to receive the Merger Consideration, and (ii) all then-outstanding Company stock options will be converted into the right to receive an amount in cash equal to the Merger Consideration, less the exercise price of such options. The consummation of the AAM Merger remains subject to the receipt of Mexican antitrust approval, stockholder approvals and the satisfacti on of other customary closing conditions. The transaction is expected to close in the first half of 2017. If completed, the AAM Merger will result in the Company becoming a wholly owned subsidiary of AAM and our shares will no longer be listed on any pub lic market.

Additional information about the AAM Merger and the Merger Agreement, including circumstances under which the Merger Agreement can be terminated and the ramifications of such termination, as well as other terms and conditions, is set forth in our Current Report on Form 8-K filed with the Securities and Exchange Commission on November 3, 2016 (the "Transaction 8-K"). In addition, as described in the Transaction 8-K, in connection with the transactions contemplated by the Merger Agreement, an affiliate of American Securities entered into a voting agreement with AAM whereby it agreed to vote a portion of its shares of our common stock in favor of the adoption of the Merger Agreement at our stockholders' meeting and the remainder of its shares proportionately with our other stockholders.

Certain Terms

We use the following industry terms in this 10-K describing our business, our products, and how they are organized and sourced in our industry:

- Advanced Machining and Assembly: Value-added precision machining to improve form, finish, and function of components and the assembly of multiple components into a ready-to-install module.
- Aluminum Die Casting: A casting process where molten aluminum is injected under pressure into a solid mold to create a complex formed component.
- Forging: The shaping of metal by a number of processes, including pressing and forming, typically classified according to temperature (cold, warm, or hot).
- Iron Casting: A manufacturing process by which molten iron (ductile or grey) is poured into a mold to produce components with complex dimensions.
- Net Formed: A manufacturing technique which allows production of the component at or very close to the final (net) shape, reducing or eliminating scrap material and the need for surface finishing.
- NVH: The noise, vibration, and harshness characteristics of vehicles, particularly cars and trucks, which vehicle design engineers seek to reduce.
- OEMs: Original equipment manufacturers.
- Powder Metal Forming: The process of compacting metal powder in a mold, followed by heating the shaped component to just below the metal powder's melting point to form complex Net Formed components.
- Powertrain: Components of the vehicle that generate power and transfer it to the road surface, typically including the engine, transmission, and driveline.
- Rubber and Viscous Dampening Assemblies: Advanced rubber-to-metal bonded or silicone-filled assemblies that reduce, restrict, or prevent oscillation, torsion, and bending in vehicle engines, thereby improving NVH characteristics.
- Safety-Critical: Components that assist in the control and stability of a vehicle in motion and are fundamental to performance and safety. These components typically include chassis, suspension, steering, and brake components.
- Tier I suppliers: Suppliers of components and assemblies that are sold directly to OEMs.
- Platform: A shared set of common design, engineering, and production efforts over a number of Vehicle Nameplates or Powertrains with common architecture (e.g. Toyota MC-M, Ford Duratec35 engine).
- Program: Manufacturing and development of certain automobile components including engines, transmissions, and brake components (e.g. Toyota 051A, ZF's 9HP transmission).
- Vehicle Nameplate: A specific vehicle model built within a Platform for an OEM (e.g. Toyota Camry, Ford F-150).

Business Overview

MPG provides highly-engineered components for use in Powertrain and Safety-Critical Platforms for the global light, commercial, and industrial vehicle markets. We produce these components using complex metal-forming manufacturing technologies and processes for a global customer base of vehicle OEMs and Tier I suppliers. Our components help OEMs meet fuel economy, performance, and safety standards.

Our metal-forming manufacturing technologies and processes include Aluminum Die Casting, Forging, Iron Casting, and Powder Metal Forming, as well as value-added manufacturing processes such as Advanced Machining and Assembly. These technologies and processes are used to create a wide range of customized Powertrain and Safety-Critical components that address requirements for power density (increased component strength to weight ratio), power generation, power/torque transfer, strength, and NVH.

Our business is comprised of three segments:

HHI: HHI manufactures highly-engineered metal-based components for the North American light vehicle market. These components include transmission components, driveline components, wheel hubs, axle ring and pinion gears, sprockets, balance shaft gears, timing drive systems, variable valve timing ("VVT") components, transfer case components, and wheel bearings.

Metaldyne: Metaldyne manufactures highly-engineered metal-based Powertrain components for the global light vehicle markets. These components include connecting rods, VVT components, balance shaft systems, crankshaft dampers, differential gears, pinions and assemblies, valve bodies, hollow and solid shafts, clutch modules, and assembled end covers.

Grede: Grede manufactures cast, machined and assembled components for the light, commercial and industrial (agriculture, construction, mining, rail, wind energy and oil field) vehicle and equipment end-markets. These components include turbocharger housings, differential carriers and cases, scrolls and covers, brake calipers and housings, knuckles, control arms, and axle components.

See Note 22 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data" for financial information reported by segment and geographic area.

We primarily serve the global light vehicle and North American commercial and industrial vehicle and equipment end-markets. Demand in these end-markets, and therefore our products, is driven by consumer preferences, regulatory requirements (particularly related to fuel economy and safety standards) and macro-economic factors.

Contribution to our net sales by vehicle application follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Driveline	21%	21%	19%
Engine	27	25	28
Transmission	24	22	23
Safety-Critical	14	17	17
Other Specialty Products	14	15	13
	100%	100%	100%

Seasonality

Our business is moderately seasonal because our largest North American customers typically halt operations for approximately two weeks in July and one week in December. Customers in Europe have historically shut down vehicle production during a portion of August and December as well. In addition, third quarter automotive production traditionally is lower as new models enter production.

Customer Dependence

We depend on major vehicle OEMs for our sales. For the year ended December 31, 2016, Ford Motor Company ("Ford"), General Motors Company ("GM"), and Fiat Chrysler Automobiles ("FCA") accounted for approximately 25%, 21%, and 14% of our end-customer sales, respectively. Other significant customers include Daimler AG ("Daimler"), Toyota Motor Corporation ("Toyota"), and Honda Motor Company ("Honda"), which together accounted for approximately 9% of our end-customer sales for the year ended December 31, 2016.

Suppliers and Raw Materials

We procure our raw materials from a variety of suppliers for use in our manufacturing processes. In 2016, our top ten suppliers constituted less than 35% of our purchases. Based on available quality and supply, we seek to obtain materials in the region in which our products are manufactured in order to minimize transportation and other costs. The primary raw materials used to produce the majority of our products are steel scrap, steel bar, pig iron, aluminum, copper, molybdenum, and other metallic materials. We believe our principal suppliers have steel making capabilities and capacity to support our customers' specifications and volume expectations. We typically source raw materials or components from single suppliers. Although we are generally able to substitute suppliers for raw materials and components without material short-term costs, in some cases, it could be difficult and expensive for us to change suppliers and may require customer approval.

Generally, we apply raw material surcharges to our customers to mitigate volatility in our cost of scrap, steel bar, aluminum, and other inputs. Surcharge prices on our raw materials may vary based on industry indices or on actual prices paid to suppliers. We also sell certain manufacturing scrap which may be subject to fluctuations in commodity prices.

Design, Product Development, and Intellectual Property

We maintain technical and commercial engineering centers in major regions of the world to develop and provide advanced products, processes and manufacturing support for all of our manufacturing sites and to provide our customers with local engineering capabilities and design support. Our efforts related to research and development are focused on process improvement, higher performance materials, and increased product performance.

We believe that our engineering and technical expertise, together with our emphasis on continuing product and process development, allow us to use the latest technologies, processes, and sophisticated materials to provide cost-effective solutions to our customers. We believe that continued engineering activities are critical to support our pipeline of technologically advanced products and increasing the technical and performance capabilities of our products. We maintain our engineering activities around our core technologies and processes, allocating our capital and resources to those products with differentiated technologies and attractive returns on invested capital.

We pursue patents where specific technology or innovation is well positioned for protection under intellectual property laws. While no individual patent or group of patents, taken alone, is considered material to our business, taken in the aggregate, these patents provide meaningful protection for certain of our products and product innovations. We continually make determinations as to whether a product or process is best protected through a patent application or other means.

Backlog

Incremental business backlog, which we measure as anticipated net product sales from incremental business for the next four years, net of Programs being phased out and any contractual pricing changes, was approximately $443 million as of December 31, 2016. We are typically awarded Programs one to three years prior to the start of production on new and replacement business which ramp up over time. Due to the timing of the OEM sourcing cycle, our anticipated net product sales were measured based on contracts to be fulfilled during 2017 through 2020. Our estimate of anticipated net product sales includes formally awarded new Programs, Programs which we believe are highly probable of being awarded to us, and expected volume and pricing changes on existing Programs. Our estimate may be impacted by various assumptions including vehicle production levels on new and replacement Programs, customer price reductions, scrap prices, material price indices, currency exchange rates and the timing of Program launches. Therefore, this anticipated net product sales information could differ significantly from actual firm orders or firm commitments, and awards of business do not represent guarantees of production volumes or revenues.

Competition

Although the number of our competitors has decreased due to ongoing industry consolidation, the automotive components industry remains very competitive. OEMs and Tier I suppliers rigorously evaluate suppliers on the basis of product quality, price competitiveness, reliability and timeliness of delivery, product design capability, technical expertise and development capability, new product innovation, financial viability, application of lean principles, operational flexibility, customer service, and overall management. In addition, our customers generally require that suppliers demonstrate improved efficiencies, through cost reductions and/or price improvement, on a year-over-year basis.

The following table lists our primary competitors for components we produce using our manufacturing technologies and value-added processes:

Portfolio of Manufacturing Technologies and Value-Added Processes	Primary Competitors
Advanced Machining and Assembly	BorgWarner, GKN, Linamar, and Magna
Aluminum Die Casting	Aisin, Dongnam Precision, and Ryobi
Cold and Warm Forging	American Axle, Hirshvogel, Linamar, and Sona BLW
Hot Forging	American Axle, Amtek, Linamar, and Hirshvogel
Iron Casting	Metal Technologies, Inc., Neenah Enterprises, and Waupaca
Powder Metal Forming	GKN, Mahle, and Miba
Rubber and Viscous Dampening Assemblies	Knorr Bremse, Vibracoustic, and Winkelmann

Environmental Compliance

We are subject to a variety of federal, state, local, and foreign environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances or wastes, and the remediation of contaminated sites. Some of our operations require environmental permits and controls to prevent and reduce air and water pollution. These permits are subject to modification, renewal, and revocation by issuing authorities. We believe we are in substantial compliance with all applicable material laws and regulations. Historically, our costs of achieving and maintaining compliance with environmental, health, and safety requirements have not been material to our results.

Employees

As of December 31, 2016, we employed approximately 12,000 employees in 13 countries. As of December 31, 2016, approximately 45% of our employees were employed under the terms of collective bargaining agreements with industrial trade unions or employed under international workers' councils.

ITEM 1A. RISK FACTORS

Provided below is a cautionary discussion of what we believe to be the most important risk factors applicable to the Company, although they are not the only ones we face. Additional risks and uncertainties not presently known to us or that we do not currently deem material may also impact our business operations. If any of the following risks occur, our business, including its financial performance, financial condition, results of operations, and cash flows may be adversely affected. Discussion of these factors is incorporated by reference into and considered an integral part of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Relating to the AAM Merger

The proposed AAM Merger may not be consummated or may not be consummated in the timeframe or manner currently anticipated, which could have a material adverse effect on our business, results of operations and/or our stock price.

The proposed AAM Merger remains subject to various closing conditions, including adoption of the Merger Agreement by the stockholders of the Company, approval of the AAM Share Issuance by the stockholders of AAM and the receipt of Mexican antitrust approval, among other customary closing conditions. It is possible that the stockholders of either the Company or AAM do not approve the relevant proposals at their respective stockholder meetings, or that a government entity may prohibit, delay or refuse to grant approval for the consummation of the AAM Merger. If any condition to the closing of the AAM Merger is not satisfied or, if permissible, waived, the AAM Merger will not be completed. In addition, satisfying the conditions to the closing of the AAM Merger may take longer than we expect. There can be no assurance that any of the remaining conditions to closing will be satisfied or, if permissible, waived or that other events will not intervene to delay or result in the failure to consummate the AAM Merger.

Any delay in completing the AAM Merger or the failure to complete the AAM Merger may adversely affect our business or results of operations, may adversely affect the benefits the Company's stockholders expect to receive from the AAM Merger, or may negatively affect the price of our common stock or the price of the AAM common stock our stockholders may receive in the AAM Merger. Investor confidenc e could also decline.

Further, any delay in closing or a failure to close the AAM Merger could exacerbate any negative impact on our business and our relationships with our customers, suppliers, joint venture partners, other parties with which we maintain business relationships, or employees as described in the risk factors below, as well as negatively impact our ability to implement alternative business plans or pursue other strategic alternatives.

The occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement could have a material adverse effect on us and our stock price.

As described in the above risk factor, we could experience certain adverse consequences related to the termination of the Merger Agreement and failure to consummate the AAM Merger. Pursuant to the terms of the Merger Agreement, if the Merger Agreement is terminated under certain circumstances, a termination fee of approximately $50.9 million will be payable by us to AAM. We may also be required to reimburse AAM for certain fees and expenses relating to the proposed AAM Merger up to $15.0 million under certain circumstances. If triggered, payment of the termination fee and reimbursement of expenses may negatively impact our results of operations, financial condition and cash flows, and such impact will be in addition to the potential risks and consequences described above related to the failure to consummate the AAM Merger.

A lawsuit has been filed against MPG and members of the MPG board of directors challenging the disclosures concerning the AAM Merger, and additional lawsuits may be filed; an adverse ruling in any of such lawsuits may prevent the AAM Merger from becoming effective within the expected timeframe.

MPG and members of the MPG board of directors are named as defendants in a purported class action lawsuit brought by and on behalf of MPG stockholders challenging the disclosures concerning the AAM Merger, seeking, among other things, to enjoin the stockholder vote on the AAM Merger at the special meeting of our stockholders to be held to, among other things, consider and vote on the adoption of the Merger Agreement and approval of the transactions contemplated thereby. If the plaintiffs are successful in obtaining an injunction, then such injunction may prevent the AAM Merger from becoming effective within the expected timeframe. If the completion of the AAM Merger is delayed, it could result in substantial costs to AAM and MPG. In addition, AAM and MPG could incur significant costs in connection with the lawsuit, including costs associated with the indemnification of MPG's directors and officers. MPG and the members of the MPG board of directors believe that the claims asserted in this lawsuit are without merit.

Disruption of management's attention from our ongoing business operations due to the proposed AAM Merger may adversely affect business and results of operations.

We have expended, and continue to expend, significant management resources in an effort to complete the AAM Merger. Management's attention may be diverted away from the day-to-day operations of our business and execution of our existing business plan in our efforts to complete the AAM Merger. This diversion of management resources could disrupt operations and have an adverse effect on our operating results and business.

While the AAM Merger is pending, we will be subject to business uncertainties that could adversely affect our operating results and business generally.

Whether or not the AAM Merger is ultimately consummated, our business may be adversely affected as a result of the announcement of the AAM Merger and uncertainty relating to the proposed transaction, including the following:

- Our employees may experience uncertainty about their future roles, which might adversely affect our ability to retain, hire and motivate key personnel and other employees; and
- Customers, suppliers, joint venture partners and other parties with which we maintain business relationships may experience uncertainty about our future and seek alternative relationships with third parties, seek to alter their business relationships with us or fail to extend an existing relationship with us.

In addition, we may incur significant additional costs in order to maintain employee morale, retain key employees or continue business relationships. If, despite our efforts, key employees depart because of uncertainty or our business partners adversely alter their relationships with us, our business could be seriously harmed. Any delay in completing the AAM Merger may further increase such uncertainties and the adverse effects related thereto.

We have incurred and will contin ue to incur significant costs, fees and expenses in connection with the AAM Merger.

We have expended and will continue to expend significant costs, fees and expenses for professional services as well as transaction and integration costs in connection with the proposed AAM Merger. These costs will impact our results of operations regardless of whether or not the AAM Merger is consummated.

The Merger Agreement restricts our conduct of business prior to completion of the AAM Merger and limits our ability to pursue alternative strategic options.

The Merger Agreement restricts us from taking certain actions without AAM's consent while the AAM Merger is pending. These restrictions may, among other matters, prevent us from pursuing otherwise attractive business opportunities or exercising our business strategy, making certain investments or acquisitions, selling assets, engaging in capital expenditures in excess of certain agreed limits, incurring certain indebtedness or making certain other changes to our business pending the closing of the AAM Merger. These restrictions could have an adverse effect on our business, financial condition or results of operations.

In addition, subject to certain exceptions, the Merger Agreement prohibits us from soliciting or engaging in discussions with respect to certain alternative business combination transactions and, in certain circumstances, we will be required to pay a termination fee of approximately $50.9 million to AAM and to reimburse AAM's transaction-related expenses in order to terminate the Merger Agreement and pursue such an alternative transaction. These provisions may discourage third parties from pursuing business opportunities with us and limit our ability to pursue opportunities that could result in greater value to our stockholders.

Because the exchange ratio in the AAM Merger is fixed and the market value of shares of AAM common stock may fluctuate, there can be no guarantee of the market value of the stock consideration the Company's stockholders will receive in the AAM Merger.

The per share portion of Merger Consideration pursuant to the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or results of operations, changes in the business, assets, liabilities, prospects, outlook, financial condition or results of operations of AAM or any change in the market price of, analyst estimates of, or projections relating to, our common stock or AAM common stock. The market value of our common stock may vary significantly from the value of the per share portion of the Merger Consideration on the date the Merger Agreement was executed or at other later dates. In addition, because the exchange ratio will not be adjusted, the market value of the shares of AAM common stock issued to the Company's stockholders in the AAM Merger may be higher or lower than the values of those shares on the date of the Merger Agreement or at other later dates.

Neither the Company nor AAM is permitted to terminate the Merger Agreement solely because of changes in the market price of either party's respective common stock.

Risks Relating to Our Industry and Our Business

Volatility in the global economy has, and may continue to have, a severe and negative impact on the demand for new vehicles and, in turn, our products.

The demand for and pricing of our products are subject to economic conditions and other factors present in the geographic markets where our products are sold that are beyond our control, such as a worsening of global economic and political conditions as a result of rising interest rates or inflation, high unemployment, increased energy and fuel prices, increased volatility in global capital markets, terrorism and international conflicts, climate change, severe weather, regulatory changes, and many other factors. Demand for our products correlates to consumer demand for new vehicles containing our products. Adverse changes in global economic and political conditions, or sluggish or uneven recovery in specific countries or regions, may result in lower consumer confidence, which has a significant impact on consumer demand for vehicles. An economic downturn or other adverse industry conditions that result in even a relatively modest decline in vehicle production levels could reduce our sales and thereby adversely affect our business, financial condition, and results of operations.

A decline in vehicle production levels, particularly with respect to Platforms for which we are a significant supplier, or the financial distress of any of our major customers, could have a material adverse effect on our business.

Demand for our products is directly related to the vehicle production levels of our OEM end-customers. New vehicle sales and production can be affected by general economic or industry conditions, the level of consumer demand, recalls and other safety issues, labor relations issues, fuel prices, fuel efficiency, and vehicle safety regulations and other regulatory requirements, government initiatives, trade agreements, the availability and cost of credit, the availability to our customers and suppliers of critical components needed to complete the production of vehicles, restructuring actions of OEMs, our customers or suppliers, and many other factors. Financial difficulties experienced by any major customer could have a material adverse effect on us if such customer were unable to pay for the products we provide or we experienced a loss of, or material reduction in, business from that customer.

Cyclicality and seasonality in the light, industrial, and commercial vehicle markets could have a material adverse effect on our business.

The light, industrial, and commercial vehicle markets in which we operate are cyclical and seasonal. Some of our largest OEM customers typically shut down vehicle production during certain months or weeks of the year. For example, our OEM customers in North America and Europe typically shut down operations during portions of July and August and one week in December. During these manufacturing shutdown periods, our customers will generally reduce the number of production days because of lower demands and to reduce excess vehicle inventory. In addition, the sale of light, industrial, and commercial vehicles are cyclical and depend on general economic conditions and credit availability. Such cyclicality and seasonality could have a material adverse effect on our business, financial condition, and results of operations.

We face significant competition.

The automotive supply industry is highly competitive. We compete worldwide with other automotive suppliers on the basis of price, technological innovation, quality, delivery, Program launch support, and overall customer service, among other factors. Our ability to compete successfully depends, in large part, on our success in continuing to innovate and manufacture products utilized in Programs or Platforms that have commercial success with consumers, differentiate our products from those of our competitors, continue to deliver quality products in the time frames required by our customers, and maintain low-cost production. We continue to invest in technology and innovation which we believe will be critical to our long-term growth. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. If we are unsuccessful or are less successful than our competitors in consistently developing innovative products, processes, and/or use of materials, we may be placed at a competitive disadvantage. The inability to compete successfully could have a material adverse effect on our business, financial condition, and results of operations.

We are dependent on large-volume customers for current and future sales. The loss of any of these customers or a reduction in sales to these customers could have a material adverse impact on our business.

We depend on major vehicle OEMs for our sales. Our financial results are closely correlated to production by Ford, GM, FCA, Daimler, Toyota, and Honda, given our higher sales to these customers. For the year ended December 31, 2016, end-customer sales attributed to these OEMs accounted for approximately 69% of our net sales. We may make fewer sales to these customers for a variety of reasons. The loss of any one of these customers or a significant decrease in business from one or more of these customers could harm our business, reduce our revenues and cash flows, and limit our ability to spread fixed costs over a larger sales base, which could have a material adverse effect on our business, financial condition, and results of operations.

A reduction in outsourcing by our customers, or the loss of a material number of Programs, combined with a failure to secure sufficient alternative Programs, could have a material adverse effect on our business.

We depend on the outsourcing of components, modules, and assemblies by vehicle OEMs. The extent of vehicle manufacturer outsourcing is influenced by a number of factors, including: relative cost, quality and timeliness of production by suppliers as compared to vehicle manufacturers, capacity utilization, vehicle manufacturers' perceptions regarding the strategic importance of certain components/modules to them, labor relations among vehicle manufacturers, their employees and unions, and other considerations. A number of our major OEM customers manufacture products for their own uses that directly compete with our products. These OEMs could elect to manufacture such products for their own uses in place of the products we currently supply. A reduction in outsourcing by vehicle manufacturers, or the loss of a material number of Programs combined with the failure to secure alternative Programs with sufficient volumes and margins, could have a material adverse effect on our business, financial condition, and results of operations.

We are under continuing pressure from our customers to reduce our prices.

As is common practice in the automotive industry, the majority of our products are sold under long-term contracts with prices scheduled at the time the contracts are established, many of which require price reductions in subsequent years. The inability to offset the impact of such price reductions through continued technology improvements, cost reductions, or other productivity initiatives could have a material adverse effect on our business, financial condition, and results of operations.

We may not realize all of the sales expected from awarded business, and we may not fully recover pre-production costs, which could have a material adverse effect on our business.

The sales to be generated from awarded business are inherently subject to a number of risks and uncertainties, including the number of vehicles produced, the timing of vehicle production, and the mix of options our customers, and the ultimate consumers may choose. Anticipated product sales could differ significantly from actual firm orders or firm commitments, and awards of business do not represent guarantees of production volumes or revenues. While we typically enter into long-term agreements for the customers' purchasing requirements, ranging from one to six years with automatic renewal provisions that generally result in our contracts running for the life of the Program, many customer purchase orders contain provisions that purport to permit our customers to unilaterally cancel our contracts with limited or no notice. Our ability to obtain compensation from our customers for such cancellation, if the cancellation is through no fault of our own, is generally limited to the direct costs we have incurred for raw materials and work-in-process and, in certain instances, unamortized investment costs. If we do not realize all of the sales expected from awarded business, it could have a material adverse effect on our business, financial condition, and results of operations.

Typically, it takes two to three years from the time an OEM or Tier I supplier awards us a Program until it is launched and we begin production. In many cases, we must commit substantial resources in preparation for production under awarded Programs well in advance of the customer's production start date. We may not realize substantially all of the revenue from our incremental business backlog. If we are unable to recover pre-production costs, it could have a material adverse effect on our business, financial condition, and results of operations.

Our failure to increase production capacity, or overexpansion of production, could harm our business and damage our customer relationships.

We may be unable to expand our business, satisfy customer requirements, maintain our competitive position, or improve profitability if we are unable to increase production capacity at our facilities to meet any increased demand for our products. Moreover, we may experience delays in receiving necessary equipment and be unable to meet any increases in customer demand. Failure to satisfy customer demand may result in a loss of market share to competitors and may damage our relationships with key customers.

Due to the lead time required to produce the equipment used in our manufacturing processes, it can take months and even years to obtain new machines after they are ordered. Accordingly, we are required to order production equipment well in advance of supplying components. In addition, the equipment used in our manufacturing process requires large capital investments. If our manufacturing facilities are not expanded or completed on a timely basis or if anticipated customer orders do not materialize, we may not be able to generate sufficient sales to offset the costs of new production equipment. Furthermore, we rely on longer-term forecasts from our customers to plan our capital expenditures. If these forecasts prove to be inaccurate, either we may have spent too much on capacity growth, which could require us to consolidate facilities, or we may have spent too little on capital expenditures, in which case we may be unable to satisfy customer demand, either of which could have a material adverse effect on our business. Furthermore, our ability to establish and operate new manufacturing facilities and expand production capacity is subject to significant risks and uncertainties, including:

- limitations in the agreements governing our indebtedness that restrict the amount of capital that can be spent on manufacturing facilities;
- inability to raise additional funds or generate sufficient cash flow from operations to purchase raw material inventory and equipment or to build additional manufacturing facilities;
- delays and cost overruns as a result of a number of factors, many of which are beyond our control, such as increases in raw material prices and long lead times or delays with equipment vendors;
- delays or denials of required approvals by relevant government authorities;
- diversion of significant management attention and other resources;
- inability to hire qualified personnel; and
- failure to execute our expansion plan effectively.

If we are unable to establish or successfully increase production capacity as a result of the risks described above or otherwise, we may not be able to expand our business to meet any increased demand for our products. Alternatively, if we increase production capacity at our existing facilities, we may not be able to generate sufficient customer demand for our products to support the increased production levels, any of which could have a material adverse effect on our business, financial condition, and results of operation s.

We rely on key machinery and tooling to manufacture components for Powertrain and Safety-Critical systems that cannot be easily replicated.

We currently depend on key machinery and tooling used to manufacture components for Powertrain and Safety-Critical systems. Our machinery and tooling are complex, cannot be easily replicated, and have a long lead-time to manufacture. If there is a breakdown in such machinery and tooling that we or our service providers are unable to repair in a timely fashion, or equipment manufacturers fail to timely deliver new equipment, obtaining replacement machinery or rebuilding tooling could involve significant delays and costs, and may not be available to us on reasonable terms. If we or our service providers are unable to repair our equipment or tooling, in some cases, it could take several months, or longer, for a supplier to begin providing machinery and tooling to specification. Any disruption of machinery and tooling supplies could result in lost or deferred sales and customer charges which could have a material adverse effect on our business, financial condition, and results of operations.

If we experience Program launch difficulties, it could have a material adverse effect on our business.

The launch of a new Program is complex, and its success depends on a wide range of factors, including the production readiness of our and our suppliers' manufacturing facilities and processes, tooling, equipment, employees, initial product quality, and other factors. Our failure to successfully launch new business or to contain launch costs could result in a loss of business or the incurrence of substantial unexpected costs, such as increased scrap or premium freight charges, which could have a material adverse effect on our business, financial condition, and results of operations.

A disruption in our supply or delivery chain could cause one or more of our customers to halt production.

In certain instances, we ship our products to customer vehicle assembly plants on a "just-in-time" basis in order for our customers to maintain low inventory levels. Our suppliers use a similar method in providing raw materials to us. However, the "just-in-time" method makes the logistics supply chain in our industry very vulnerable to disruptions. These disruptions may result for many reasons, including closures of supplier plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fire, explosions, as well as logistical complications resulting from labor disruptions, weather or other natural disasters, mechanical failures, and delayed customs processing. In addition, we may need to rely on suppliers in local markets that have not yet proven their ability to meet our requirements. The lack of even a small single subcomponent necessary to manufacture one of our products, for whatever reason, could force us to cease production, possibly for a prolonged period. Similarly, a potential quality issue could force us to halt deliveries while we contain nonconforming products or validate our process. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach our customer. If we fail to timely deliver, we may have to absorb our own costs for identifying the cause and solving the problem, as well as expeditiously producing and shipping replacement products. Additionally, if we are unable to deliver our products to our customers in a timely manner, our customers may be forced to cease production and may seek to recover losses from us, which could be significant. Thus, any supply chain disruption could cause the complete shutdown of an assembly line of one of our customers, which could expose us to material claims for compensation and have a material adverse effect on our business, financial condition, and results of operations.

Our relationships with key third-party suppliers could be damaged or terminated.

We obtain raw materials and components from third-party suppliers. We typically source raw materials or components from single suppliers. Although we are generally able to substitute suppliers for raw materials and components without material short-term costs, in some cases it could be difficult and expensive for us to change suppliers. Various factors could result in the termination of our relationship with any supplier or the inability of suppliers to continue to meet our requirements on favorable terms. For example, volatility in the political or financial markets and uncertainty in the automotive sector could negatively impact the financial viability of certain key third-party suppliers. Severe financial difficulties at any of our suppliers could result in us being unable to obtain, on a timely basis and on similar economic terms, the quantity and quality of components and raw materials we require for the production of our products. In response to financial pressures, suppliers may also exit certain business lines or change the terms on which they are willing to provide raw materials and components to us. The loss of or damage to our relationships with these suppliers or any delay in receiving raw materials and components could impair our ability to deliver products to our customers, and accordingly, could have a material adverse effect on our business, financial condition, and results of operations.

Work stoppages or production limitations at one or more of our customers' facilities could disrupt our production volumes.

A work stoppage or other limitation on production could occur at customer facilities for any number of reasons, including as a result of disputes under existing collective bargaining agreements with labor unions, or in connection with negotiation of new collective bargaining agreements, or as a result of supplier financial distress or other production constraints or difficulties, or due to disruptions in shipping, or for other factors. A disruption in production at the facilities of our large-volume customers could have a material adverse effect on our business, financial condition, and results of operations.

A catastrophic loss of one of our key manufacturing facilities could have a material adverse effect on our business.

While we manufacture our products in several facilities and maintain insurance covering our facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of our manufacturing facilities due to accident, labor issues, weather conditions, acts of war, political unrest, terrorist activity, natural disaster or otherwise, whether short- or long-term, could have a material adverse effect on our business, financial condition, and results of operations.

Failure to protect our intellectual property rights may undermine our competitive position and protecting our rights or defending against third-party allegations of infringement may be costly.

Protection of proprietary processes, know-how, trade secrets, documentation, and other technology is critical to our business. Failure to protect, monitor, and control the use of our existing know-how, trade secrets, and other intellectual property rights could cause us to lose our competitive advantage and incur significant expenses. We rely on trademarks, copyrights, patents, and contractual restrictions to protect our intellectual property rights, but these measures may be insufficient. While we enter into confidentiality and proprietary rights agreements and agreements for assignment of invention with our employees and third parties to protect our know-how, trade secrets, and intellectual property rights, such agreements and assignments could be breached and may not provide meaningful protection. Also, others may independently develop technologies or products that are similar to ours. In such case, our know-how and trade secrets would not prevent third parties from competing with us. Third parties may seek to oppose, cancel, or invalidate our intellectual property rights, which could have a material adverse effect on our business, financial condition, and results of operations. Our patents expire on various dates through 2031.

The costs associated with the protection of our know-how, trade secrets, intellectual property, and our proprietary rights and technology are ongoing. Third parties or employees may infringe or misappropriate our proprietary technologies or other intellectual property rights. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available. Failure to protect or enforce our intellectual property rights may undermine our competitive position, and protecting our rights or defending against third-party allegations of infringement may be costly, which could have a material adverse effect on our business, financial condition, and results of operations.

Any acquisitions or joint ventures we make could disrupt and materially harm our business.

We may grow through acquisitions of complementary businesses, products or technologies, or by entering into joint ventures. Acquisitions or strategic alliances involve numerous risks, including:

- difficulties in the integration of the acquired businesses or incorporating joint ventures;
- the diversion of our management team's attention from other business concerns;
- uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses of, acquisition candidates;
- the assumption of unknown liabilities, including environmental, tax, pension, and litigation liabilities, and undisclosed risks impacting the target;
- adverse effects on existing customer and supplier relationships;
- incurrence of substantial indebtedness;
- potentially dilutive issuances of equity securities;
- integration of internal controls;
- entry into markets in which we have little or no direct prior experience;
- the potential loss of key customers, management, and employees of an acquired business;
- potential integration or restructuring costs;

- the ability to achieve operating and financial synergies; and
- unanticipated changes in business, industry, or general economic conditions that affect the assumptions underlying our rationale for pursuing the acquisition or joint venture.

We cannot ensure that we will be able to successfully integrate acquisitions or incorporate joint ventures that we undertake or that such acquisitions or joint ventures will perform as planned or prove to be beneficial to our business and results of operations. The occurrence of any one or more of these or other factors could cause us not to realize the benefits anticipated to result from an acquisition or a joint venture, which could have a material adverse effect on our business, financial condition, and results of operations.

The prices of raw materials and commodities we use are volatile.

Our business is subject to volatility in pricing of raw materials used in our manufacturing processes, such as steel scrap, steel bar, pig iron, aluminum, copper, molybdenum, and other metallic materials. The costs of these products are subject to inflationary and market pricing pressures, and as such, have fluctuated over the past several years. Certain raw materials and other commodities used in our operations are generally only available from a few suppliers. Although agreements with our suppliers generally contain pass-through price adjustments, we may experience increasing costs or reduced scrap sales due to changing material prices and timing. Furthermore, our suppliers' inability to handle raw material cost increases may lead to delivery delays, additional costs, production issues, or quality issues with our suppliers in the future and, accordingly, could have a material adverse effect on our business, financial condition, and results of operations.

Although we also maintain pass-through arrangements with most of our customers, we may not always be able to effectively offset all of our increased raw material costs. Our ability to pass through increased raw material costs to our customers may be limited, and the recovery may be less than our cost or on a delayed basis, which impacts our operating income. These pricing pressures put significant operational and financial burdens on us and our suppliers. Our suppliers' inability to absorb raw material cost increases may lead to delivery delays, additional costs, production issues, or quality issues with suppliers in the future. To the extent we are unable to offset raw material and commodity price increases and fluctuations by passing price increases to our customers, such price fluctuations or delays could have a material adverse effect on our business, financial condition, and results of operations.

We could be materially adversely affected by any failure to maintain a competitive cost structure.

We believe that our strong operating margins and cash flow generation are the result of our strong customer relationships, innovative metal forming process technologies, broad product portfolio, and disciplined capital investment approach. There are many factors that could affect our ability to manage our cost structure that we are not able to control, including the need for unexpected significant capital expenditures and unexpected changes in commodity or component pricing that we are unable to pass on to our customers. As a result, we may be unable to manage our operations to profitably meet current and expected market demand. Additionally, we have substantial indebtedness of approximately $1,846.1 million as of December 31, 2016. Our inability to maintain our cost structure could adversely impact our operating margins and our results of operations.

We may incur significant costs if we close any of our manufacturing facilities.

We may, from time to time, close high cost or less efficient manufacturing facilities. If we must close any of our facilities because of the consolidation of facilities, loss of business, or cancellation of Programs for which we manufacture products, the employee severance, asset retirement, and other costs to close these facilities may be significant. In certain locations where our facilities are subject to leases, we may continue to incur significant costs in accordance with the existing lease terms. We may be unsuccessful in renegotiating these leases or we may need to make large settlements or take other actions to terminate our leases. We attempt to align production capacity with demand; however, we cannot provide any assurance that we will not close manufacturing facilities in the future, which could result in adverse publicity and have a material adverse effect on our business, financial condition, and results of operations.

We may continue to incur significant costs at our facility in Sandusky, Ohio.

During 2016, the Company announced the exit of its wheel bearing business in Sandusky, Ohio and the planned closure of the Sandusky facility by early 2017. The lease term of the Sandusky facility continues to 2033 at approximately $4 million per year in lease payments. We may be unsuccessful in renegotiating the Sandusky facility lease or we may need to make settlements or take other actions to terminate this lease and related obligations.

We are subject to environmental and safety requirements and risks as a result of which we may incur significant costs, liabilities, and obligations.

We are subject to a variety of environmental and safety laws, regulations, initiatives, and permits that govern, among other things: activities or operations that may have an adverse environmental effect; soil, surface water, and groundwater contamination; the generation, storage, handling, use, disposal, and transportation of hazardous materials and waste; the emission and discharge of materials, including greenhouse gases into the environment; and health and safety. Failure to comply with these laws, regulations or permits could result in fines or sanctions, obligations to investigate or remediate existing or potential contamination, third-party property damage claims, personal injury claims, or modification or revocation of operating permits and may lead to temporary or permanent business interruptions. Environmental laws, regulations, and permits and the enforcement thereof change frequently and have tended to become increasingly stringent over time, which may necessitate substantial capital expenditures or operating costs or may require changes of production processes. Compliance with the requirements of laws and regulations affect ongoing operations and may increase capital costs and operating expenses, particularly if the applicable laws and regulations become increasingly stringent or more stringently enforced in the future. In addition, we may be required to use different materials in our production due to changing environmental restrictions or due to customer specifications. Material substitution may cause us to incur additional capital and operating costs.

We endeavor to conduct our operations according to all legal requirements, but we may not be in complete compliance with such laws and regulations at all times. We use, and in the past have used, hazardous materials and we generate, and in the past have generated, hazardous wastes. In addition, many of the locations that we own or operate used hazardous materials either before or after we began operating at those locations. We may be subject to claims under foreign, federal, state, and local statutes, and/or common law doctrines for personal injury, property damages, natural resource damages, and other damages, as well as the investigation and cleanup of soil, surface water, groundwater, and other media. Such claims may arise out of current or former activities at sites that we own or operate currently, as well as at sites that we owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the remediation costs or other damages, or even for the entire cost without being entitled to claim compensation from third parties. We have from time to time been subject to claims arising out of contamination at our own and other facilities and may incur such liabilities in the future. Our costs, liabilities, and obligations relating to environmental matters may have a material adverse effect on our business, financial condition, and results of operations.

We are subject to governmental regulations that are already extensive and are growing, which will increase our costs.

We and the automotive industry as a whole are subject to a variety of federal, state, local, and foreign laws and regulations, including those relating to the reporting of certain claims, and those affecting taxes and levies, healthcare costs, and safety, international trade, and immigration, among other things, all of which may have a direct or indirect effect on our business. In addition, compliance with complex U.S. and foreign laws and regulations that apply to our international operations increases our cost of doing business and in some cases restricts our ability to conduct business. These regulations are numerous and sometimes conflicting, and include import and export laws, sanctioned country restrictions, competition (or antitrust) laws, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act (the “FCPA”) and the U.K. Bribery Act, data privacy requirements, tax laws, and accounting requirements. Violations of these laws and regulations could result in civil and criminal fines, penalties, and sanctions against us, our officers, or our current or former employees, as well as prohibitions on the conduct of our business and on our ability to offer our products in one or more countries, and could have a material adverse effect on our business, financial condition, and results of operations.

Foreign, federal, state, and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating greenhouse gas emissions and energy policies. Due to the uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, we cannot currently determine the effect such legislation and regulation may have on our operations or on the production of, or demand for, vehicles. Additionally, our OEM customers are subject to significant environmentally focused state, federal, and foreign laws and regulations that regulate vehicle emissions, fuel economy, and other matters related to the environmental impact of vehicles. To the extent that such laws and regulations ultimately impact automotive vehicle production, they could have a material adverse effect on our business, financial condition, and results of operations.

We may incur material costs related to legal proceedings.

From time to time we are involved in legal proceedings, claims, or investigations that are incidental to the conduct of our business. Some of these claims allege damages against us relating to product warranties, environmental liabilities, regulatory violations, taxes, employment matters, or commercial or contractual disputes. Estimated warranty costs related to product warranties are accrued once the liability has become both probable and reasonably estimable, and we do not maintain insurance for nonconforming product recalls in the United States. We may incur substantial warranty expense related to existing or new products now or in the future or expansion in customer warranty programs. We cannot ensure that the costs, charges, and liabilities associated with legal proceedings, claims, or investigations will not be material or that those costs, charges, and liabilities will not exceed any related amounts accrued in our financial statements or be mitigated in any way by insurance. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters are resolved unfavorably to us.

We are currently, and may in the future become, subject to legal proceedings and commercial or contractual disputes. These claims typically arise in the normal course of business and may include commercial or contractual disputes with our customers and suppliers, intellectual property matters, personal injury, product liability, environmental, safety, and employment claims. These proceedings and claims could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Workforce

Our ability to operate effectively could be impaired if we are unable to recruit and retain key personnel.

Our success depends, in part, on the efforts of our executive officers and other key senior managers and employees and our ability to recruit, retain, and motivate highly-skilled sales, manufacturing, and engineering personnel. Competition for skilled employees in our industry is intense, and we may not be able to successfully recruit, train, or retain qualified personnel. If we fail to recruit and retain the necessary personnel, our ability to obtain new customers and retain existing customers, develop new products, and provide acceptable levels of customer service could suffer, which could have a material adverse effect on our business, financial condition, and results of operations.

We have entered into employment agreements with certain of our key personnel. However, we cannot ensure that these individuals will stay with us. If any of these persons were to leave our company, it could be difficult to replace them, and our operations, ability to manage day-to-day aspects of our business, and efforts to improve our cost competitiveness may be impaired, which could have a material adverse effect on our business, financial condition, and results of operations.

Any failure to maintain satisfactory labor relations could subject us to work stoppages.

Approximately 45% of our employees are members of U.S. industrial trade unions working under the terms of collective bargaining agreements or employed under international workers' councils. There can be no assurance that future negotiations with our labor unions will be resolved favorably or that we will not experience a work stoppage or other labor disruptions. Certain terms contained in existing collective bargaining agreements may reduce our flexibility, or result in increased labor costs, to close or repurpose our manufacturing facilities. In addition, there can be no assurance that future negotiations will not result in labor cost increases or other terms and conditions. Any of these occurrences could have a material adverse effect on our business, financial condition, and results of operations.

We face pension and other postretirement benefit obligations.

Although most of our legacy pension and other postretirement benefit obligations were eliminated through our prior restructuring processes, we have limited pension and other postretirement benefit obligations to certain of our associates and retirees. Our ability to satisfy the funding requirements associated with our pension and other postretirement benefit obligations to our employees and retirees will depend on our cash flow from operations and our ability to access credit and the capital markets. The funding requirements of these benefit plans and the related expense reflected in our financial statements are affected by several factors that are subject to an inherent degree of uncertainty and volatility, including government regulation. For example, the pensions regulator in the United Kingdom has power in certain circumstances to issue contribution notices ("CNs") or financial support directions ("FSDs") with respect to the underfunded United Kingdom defined benefit pension scheme (the "U.K. DB Plan") which, if issued, could result in additional liabilities. Liabilities imposed under a CN or a FSD may equal the difference between the value of the assets of the U.K. DB Plan and the cost of buying out the benefits of participants of the U.K. DB Plan. In practice, the risk of a CN being imposed may inhibit our freedom to undertake certain corporate activities without first seeking the agreement of the trustees of the U.K. DB Plan. Additional security may need to be provided to the trustees of the U.K. DB Plan before certain corporate activities can be undertaken (such as the payment of an unusual dividend) and any additional funding of the U.K. DB Plan may have an adverse effect on our financial condition and the results of our operations. We also have unfunded or underfunded pension obligations in the U.S., Germany, France, Korea and Spain where similar changes in regulations or governmental actions could cause additional funding requirements.

Key assumptions used to value our benefit obligations and the cost of providing such benefits, funding requirements and expense recognition include the discount rate, the expected long-term rate of return on pension assets, the health care cost trend rate and assumptions underlying actuarial methods. If the actual trends in these factors are less favorable than our assumptions, we may have to contribute cash to fund our obligations under these plans, thereby reducing the funds available to fund our operations, which could have a material adverse effect on our business, financial condition, and results of ope rations. As of December 31, 2016, the funded status of our pension plans was an obligation totaling $38.3 million.

Risks Related to the Global Nature of Our Company

We are subject to risks related to our global operations.

For the year ended December 31, 2016, 36% of our net sales were derived from sales to customers outside the United States. We have manufacturing facilities in Brazil, China, the Czech Republic, France, Germany, Mexico, South Korea, Spain, and the United Kingdom, and a joint venture in India, all of which accounted for 25% of our net sales for the same period. We also sell our products to customers in countries in which we do not have manufacturing facilities, such as Canada, Austria, Sweden, Hungary, and Italy. Our global operations are subject to various risks, including:

- currency exchange rate and interest rate fluctuations;
- exposure to local economic conditions;
- exposure to local political conditions, including expropriation of our facilities and nationalization by a government;
- compliance with export control provisions in several jurisdictions, including the United States, the European Union, and China;
- changes in laws and regulations, including the laws and policies of the United States and other countries affecting trade and foreign investment;
- transport availability and costs;
- changes in tax law;
- unexpected changes in regulatory requirements;
- increased risk of corruption and exposure to liabilities under the FCPA, the U.K. Bribery Act and similar laws;
- government imposed investment and other restrictions or requirements;
- exposure to local social unrest, including any resultant acts of war, terrorism, or similar events;
- exposure to local public health issues and the resultant impact on economic and political conditions;
- hyperinflation in certain countries;
- increased reliance on local suppliers that have not proven their ability to meet our requirements;
- the risk of government-sponsored competition;
- difficulty enforcing agreements and collecting receivables through certain legal systems;
- variations in protection of intellectual property and other legal rights;
- more expansive legal rights of workers' councils;
- social laws that prohibit or make cost-prohibitive certain restructuring actions;
- adverse weather and natural disasters;
- increases in working capital requirements related to long supply chains or regional terms of business;
- controls on the repatriation of cash, including the imposition or increase of withholding and other taxes on remittances and other payments by our subsidiaries; and
- foreign currency exchange controls, export and import restrictions, such as antidumping duties, tariffs, and embargoes, including restrictions promulgated by the Office of Foreign Assets Control of the United States Department of the Treasury, and other trade protection regulations.

As we continue to expand our business globally, our success will depend in large part on our ability to anticipate and effectively manage these and other risks associated with our global operations. However, any of these factors could adversely affect our global operations and, consequently, have a material adverse effect on our business, financial condition, and results of operations.

Expanding our global operations and entering new geographic markets pose competitive threats and commercial risks.

As part of our long-term growth strategy, we seek to further expand our operations globally and enter into new geographic markets. Such growth requires investments and resources that may not be available to us as needed. We cannot guarantee that we will be successful in our global expansion and, if we sign new contracts, we cannot guarantee that we will meet the needs of these customers and compete favorably in these markets. If these customers experience reduced demand for their products or financial difficulties, our future prospects will be negatively affected as well, and we may not be able to recover the costs associated with such efforts, which could have a material adverse effect on our business, financial condition, and results of operations.

Foreign exchange rate fluctuations may affect the Company's ability to realize projected growth rates in sales and earnings.

As a result of our global operations, we generate a significant portion of our net sales and incur a significant portion of our expenses in currencies other than the U.S. dollar. To the extent that we have significantly more costs than sales generated in a currency other than the U.S. dollar, we are subject to risk if the currency in which our costs are paid appreciates against the currency in which we generate sales because the appreciation effectively increases our cost in that country. We may selectively employ derivative instruments to reduce our foreign currency exchange risk and generally hold most of our foreign cash in U.S. dollars. This strategy and these instruments may be ineffective or may not offset more than a portion of the adverse financial impact resulting from foreign currency variations. Additionally, the financial condition, results of operations, and cash flows of some of our operating entities are reported in currencies other than the U.S. dollar and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. As a result, appreciation of the U.S. dollar against these other currencies generally will have a negative impact on our reported sales and profits while depreciation of the U.S. dollar against these other currencies will generally have a positive effect on reported sales and profits. Our primary currency exposures are the Euro, Mexican Peso, Korean Won, and Chinese Renminbi. Any significant decline in the value of these currencies as compared to the U.S. dollar may have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Capital Structure and Our Organizational Structure

Future sales of our common stock or securities convertible into or exchangeable for common stock could depress the market price of our common stock.

Sales of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock. Shares held by our directors, executive officers, and American Securities are eligible to be sold in the public market, subject to general trading restrictions and the requirements of Rule 144. These sales, or the perception in the market that the holders of a large number of shares intend to or could sell shares, could reduce the market price of our common stock. Any decline in the price of shares of our common stock could impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

We have elected to take advantage of the "controlled company" exemption to the corporate governance rules for publicly-listed companies, which could make our common stock less attractive to some investors or otherwise harm our stock price.

Because we qualify as a "controlled company" under the corporate governance rules for publicly-listed companies, the majority of our directors are not independent, and our compensation committee and nominating and corporate governance committee are not comprised entirely of independent directors. Accordingly, should the interests of American Securities, as our controlling stockholder, differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for publicly-listed companies. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

American Securities independently has substantial control over us and will be able to influence corporate matters with respect to us. American Securities may have interests that differ from our interests and from those of our other stockholders.

As of December 31, 2016, American Securities directly or indirectly held approximately 76% of the voting power of our outstanding common stock. As a result, American Securities is able to strongly influence the election of our directors and potentially control the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales, and other significant corporate transactions.

The interests of American Securities may not coincide with the Company's or the best interests of other holders of our common stock. This concentration of voting power could also have the effect of delaying, deterring, or preventing a change of control or other business combination that might otherwise be beneficial to other holders of our common stock.

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.

As of December 31, 2016, we had total indebtedness, net of unamortized discount and debt issuance costs, of $1,846.1 million, including $1,011.5 million and $233.3 million in aggregate principal amount of indebtedness under the USD Term Loan and Euro Term Loan, respectively, and $600.0 million aggregate principal amount of the Senior Notes. As of December 31, 2016, we had an additional $236.8 million of borrowing capacity available under the Revolving Credit Facility after giving effect to $13.2 million of outstanding letters of credit. This high level of indebtedness could have significant negative consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, product development, future business opportunities, and the ability to pay any future dividends;
- exposing us to the risk of increased interest rates because certain of our borrowings, including and most significantly borrowings under the Senior Credit Facilities, are at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing such indebtedness;
- limiting our ability to borrow additional funds or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, product development, and other corporate purposes;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures; and
- limiting our flexibility in planning for or reacting to changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

The occurrence of any one or more of these events could have a material adverse effect on our business, financial condition, and results of operations. If we add new debt to our outstanding debt levels, the risks related to our indebtedness would increase.

We, our customers, or our suppliers may be unable to obtain and maintain sufficient debt financing, including working capital lines.

Interest rate fluctuations, financial market volatility, and global credit market disruptions have made and may continue to make it difficult for companies to raise and maintain necessary operating liquidity. While we believe we have sufficient liquidity to operate, there can be no assurance that we will continue to have such ability. Our working capital requirements can vary significantly depending, in part, on the level, variability, and timing of the worldwide vehicle production of our OEM customers and the payment terms with our customers and suppliers. Our liquidity could be adversely impacted if circumstances arose causing our suppliers to suspend trade credit terms and require payment in advance or payment upon delivery. In addition, we may be required to raise capital from other sources, which may not be available to us on satisfactory terms and in adequate amounts, if at all.

Many of our customers and suppliers require significant finan cing to operate their businesses. Longer-term disruptions in the credit markets could further adversely affect our customers by making it increasingly difficult for them to obtain financing for their businesses and for their customers to obtain financing f or vehicle purchases. If capital is not available to our customers and suppliers, or if its cost is prohibitively high, their businesses would be negatively impacted, which could result in their restructuring or even reorganization or liquidation under app licable bankruptcy laws. As a result, the need of our customers for and their ability to purchase our products may decrease, and our suppliers may increase their prices, reduce their output or change their terms of sale. Any inability of our customers to p ay us for our products and services, or any demands by suppliers for different payment terms, could have a material adverse effect on our business, financial condition, and results of operations. Furthermore, our suppliers may not be successful in generati ng sufficient sales or securing alternate financing arrangements and therefore, may no longer be able to supply goods and services to us. In that event, we would need to find alternate sources of these goods and services, and there is no assurance that we would be able to find such alternate sources on favorable terms, if at all. Any such disruption in our supply chain could adversely affect our ability to manufacture and deliver our products on a timely basis, which in turn could have a material adverse ef fect on our business, financial condition, and results of operations.

We cannot assure you that we will pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

Our ability to pay cash dividends on our common stock is subject to our compliance with applicable law and depends on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements, business prospects, and other factors that our Board of Directors may deem relevant. Our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization or agreements of our subsidiaries, including agreements governing the Senior Credit Facilities and the Registered Notes. Future agreements may also limit our ability to pay dividends. There can be no assurance that we will continue to pay dividends.

Some provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws may deter third parties from acquiring us and diminish the value of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws provide for, among other things:

- restrictions on the ability of our stockholders to call a special meeting and the business that can be conducted at any such meeting;
- prohibition on the ability of our stockholders to remove directors elected by the holders of our common stock without cause;
- our ability to issue additional shares of common stock and to issue preferred stock with terms that the board of directors may determine, in each case without stockholder approval (other than as specified in our amended and restated certificate of incorporation);
- the absence of cumulative voting in the election of directors;
- supermajority approval requirements for amending or repealing provisions in the amended and restated certificate of incorporation;
- a classified board of directors;
- a prohibition on action by written consent of stockholders following the date when American Securities ceases to beneficially own a majority or more of our outstanding shares of common stock; and
- advance notice requirements for stockholder proposals and nominations.

These provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay, or prevent a transaction involving a change in control of our Company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions.

Our amended and restated ce rtificate of incorporation provides that, subject to certain exceptions, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or any wrongdoing by, any of our directors, officers, or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation (including as it may be amended from time to time) or our bylaws, (iv) any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or our bylaws, or (v) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to a number of different tax uncertainties, which could have a material adverse effect on our results of operations.

We are required to pay taxes in multiple jurisdictions. We determine the tax liability we are required to pay based on our interpretation of applicable tax laws and regulations in the jurisdictions in which we file. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. We may be subject to unfavorable changes, including retroactive changes, in the tax laws and regulations to which we are subject. We are subject to tax audits by governmental authorities in the United States and numerous non-U.S. jurisdictions, which are inherently uncertain. Changes in tax laws or regulations or the interpretation given to them may expose us to negative tax consequences, including interest payments and potential penalties, which could have a material adverse effect on our business, financial condition, and results of operations.

The mix of profits and losses in the various jurisdictions in which we conduct our business may adversely impact our overall tax rate.

Our overall effective tax rate is equal to our total tax expense as a percentage of our income or loss before tax. However, tax expenses and benefits are determined separately for each of our taxpaying entities or groups of entities that are combined for tax purposes in each jurisdiction. Losses in such jurisdictions may provide no current financial statement tax benefit. As a result, changes in the mix of projected profits and losses among jurisdictions could have a significant impact on our overall effective tax rate, which could have a material adverse effect on our business, financial condition, and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We are headquartered in Southfield, Michigan in 25,000 square feet of leased offices. These offices are utilized for management offices as well as certain sales, human resources, legal, finance, and audit functions. Our manufacturing is conducted in 55 production facilities strategically located close to our customers' operations in 11 countries throughout North and South America, Europe, and Asia. Our 61 worldwide locations also support sales, engineering, administrative, and distribution functions. Approximately 39 of our facilities are leased or subject to land leases. We believe that our facilities are suitable and adequate to meet our current and reasonably anticipated needs.

The table below highlights our principal locations across the world.

Region	Segment	Location	Primary Process Description
North America	Corporate	Southfield, MI	Headquarters / Administrative / Sales / Finance
	Grede	Bessemer, AL	Foam Pattern Molding
	Grede	Brewton, AL	Iron Casting
	Grede	Columbiana, AL	Iron Casting
	Grede	New Castle, IN	Iron Casting
	Grede	Kingsford, MI	Iron Casting
	Grede	St. Cloud, MN	Iron Casting
	Grede	Biscoe, NC	Iron Casting & Machining
	Grede	Browntown, WI	Iron Casting
	Grede	Menomonee Falls, WI	Machining
	Grede	Reedsburg, WI	Iron Casting
	Grede	Wauwatosa, WI	Iron Casting
	Grede	El Carmen, Mexico	Iron Casting
	HHI	Fort Smith, AR	Assembly & Distribution
	HHI	Fort Smith, AR	Assembly & Distribution
	HHI	Paris, AR	Machining & Assembly
	HHI	Subiaco, AR	Powder Metal & Machining
	HHI	Bolingbrook, IL	Machining & Assembly
	HHI	Chicago, IL	Forging
	HHI	Chicago, IL	Forging
	HHI	Naperville, IL	Assembly
	HHI	Columbus, IN	Forging
	HHI	Columbus, IN	Forging
	HHI	Remington, IN	Forging
	HHI	Coldwater, MI	Forging
	HHI	Fraser, MI	Forging & Machining
	HHI	Royal Oak, MI	Forging / Administrative / Finance
	HHI	Troy, MI	Forging
	HHI	Sandusky, OH	Machining & Assembly
	HHI	Aguascalientes, Mexico	Warehouse
	Metaldyne	Bluffton, IN	Machining & Assembly
	Metaldyne	Fremont, IN	Machining & Assembly
	Metaldyne	North Vernon, IN	Powder Metal & Machining
	Metaldyne	Litchfield, MI	Machining & Assembly
	Metaldyne	Plymouth, MI	Administrative / Sales / Finance / Engineering
	Metaldyne	Warren, MI	Tooling
	Metaldyne	Twinsburg, OH	Aluminum Die Casting
	Metaldyne	Ridgway, PA	Powder Metal & Machining
	Metaldyne	St. Marys, PA	Powder Metal & Machining
	Metaldyne	Ramos Arizpe, Mexico	Powder Metal & Machining
	Metaldyne	Ramos Arizpe, Mexico	Machining & Assembly
South America	Metaldyne	Indaiatuba, Brazil	Powder Metal & Machining
Europe	Metaldyne	Oslavany, Czech Republic	Machining & Assembly
	Metaldyne	Zbysov, Czech Republic	Machining & Assembly
	Metaldyne	Halifax, England	Machining & Assembly
	Metaldyne	Decines, France (Lyon #2)	Machining & Assembly
	Metaldyne	Lyon, France	Machining & Assembly
	Metaldyne	Dieburg, Germany	Sales / Engineering
	Metaldyne	Nurnberg, Germany	Machining & Assembly
	Metaldyne	Zell, Germany	Forging & Machining
	Metaldyne	Kopstal, Luxembourg	Administrative / Finance

Region	Segment	Location	Primary Process Description
	Metaldyne	Barcelona, Spain	Machining & Assembly
	Metaldyne	Barcelona, Spain	Machining & Assembly
	Metaldyne	Valencia, Spain	Powder Metal
Asia	HHI	Huzhou City, China (JV)	Forging
	Metaldyne	Suzhou, China	Powder Metal, Aluminum Die Casting, Machining & Assembly
	Metaldyne	Suzhou, China	Powder Metal, Aluminum Die Casting, Machining & Assembly
	Metaldyne	Jamshedpur, India (JV)	Machining & Assembly
	Metaldyne	Yokohama, Japan	Sales / Engineering
	Metaldyne	Pyeongtaek, South Korea	Machining & Assembly

ITEM 3. LEGAL PROCEEDINGS

The Company's subsidiary, Grede Wisconsin Subsidiaries LLC ("Grede Wisconsin"), is currently under investigation by the U.S. Department of Justice and the Environmental Protection Agency for alleged Clean Air Act violations and alleged obstruction of justice relating to the January 2012 removal of debris from the roof of a heat treat oven that was purported to contain asbestos at Grede Wisconsin's now closed facility in Berlin, Wisconsin. The United States Attorney, Eastern District of Wisconsin, indicated to our attorneys handling this matter that the government intends to imminently seek an indictment relating to this matter. If an indictment is brought, the Company intends to defend against this matter.

On February 16, 2017, a purported class action complaint was filed in the United States District Court for the Eastern District of Michigan, captioned *Stephen Bushansky v. Metaldyne Performance Group Inc., et al.* , Case No. 2:17-cv-10508-MAG-DRG. The complaint asserts claims for alleged violations of Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder, and names the Company and the members of the Company's board of directors as defendants. The complaint alleges, among other things, that the defendants issued materially incomplete and misleading disclosures in the preliminary registration statement on Form S-4 relating to the AAM Merger. The complaint seeks, among other things, injunctive relief and an award of attorneys' fees. The Company and the members of the Company's board of directors believe that the claims asserted in this lawsuit are without merit.

In addition, from time to time we are subject to various legal actions and claims incidental to our business, including those arising out of breach of contracts, product warranties, regulatory matters, and employment-related matters. It is our opinion that the outcome of such matters will not have a material adverse impact on our consolidated financial position, results of operations, or cash flows. However, the final amounts required to resolve these matters could differ materially from our recorded estimates. See Note 20 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLD ER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Common Equity

The Company's common stock is listed on the NYSE and trades under the symbol MPG. As of March 2, 2017, there were 22 holders of record of our common stock.

For the period from December 12, 2014 (the date the Company's common stock began trading on the NYSE) to December 31, 2014, the high and low prices per share of our common stock were $17.59 and $14.57, respectively. The high and low sale prices per share of the Company's common stock for each quarter of fiscal years 2016 and 2015 were as follows:

Quarter Ended	High	Low
December 31, 2016	$ 23.00	13.90
October 2, 2016	16.52	13.12
July 3, 2016	16.91	12.55
April 3, 2016	18.49	10.87
December 31, 2015	24.62	17.64
September 27, 2015	22.50	17.51
June 28, 2015	20.06	17.27
March 29, 2015	20.72	16.02

Dividends

The following sets forth all dividends declared and paid by us since our formation on June 9, 2014:

Date Declared	Date Paid	Dividend Per S hare
November 2, 2016	December 9, 2016	$ 0.0925
August 3, 2016	September 20, 2016	0.0925
May 4, 2016	June 21, 2016	0.0925
February 24, 2016	April 26, 2016	0.0900
October 28, 2015	December 3, 2015	0.0900
July 29, 2015	August 31, 2015	0.0900
March 10, 2015	May 26, 2015	0.0900

On February 24, 2017, our board of directors declared a dividend of $0.0925 per share, payable March 24, 2017 to stockholders of record as of March 10, 2017.

Our ability to pay dividends is restricted under our indenture agreements. The indenture agreements restrict the payment of dividends except (i) to pay reasonable estimated amount of taxes as long as not prohibited by applicable laws, (ii) to pay legal, accounting, and reporting expenses, (iii) to pay general and administrative costs and expenses, and reasonable directors fees, and expenses, (iv) to repurchase stock owned by employees, (v) for management or similar fees, (vi) to pay franchise or similar taxes to maintain corporate existence, and (vii) to pay dividends up to $30.0 million or 6% of the net cash proceeds from an underwritten public offering of our common stock. For additional information regarding the indenture agreements, see Note 11 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

Issuer Purchases of Equity Securities

On February 24, 2016, our board of directors authorized a share repurchase program (the "Share Repurchase Program"). The Share Repurchase Program, as amended on August 3, 2016, authorized the Company to purchase shares of its common stock for an aggregate repurchase price not to exceed $35.0 million. Subject to applicable rules and regulations, shares could be repurchased through open market purchases, privately negotiated transactions, or otherwise. On November 3, 2016, the Company suspended the Share Repurchase Program due to the pending AAM Merger. During the fourth quarter ended December 31, 2016, and prior to suspending the Share Repurchase Program, the Company repurchased 238,457 shares of common stock at an average price per share of $15.67. As of December 31, 2016, cumulative shares repurchased totaled 1,898,261 at an average purchase price per share of $15.56. The repurchased shares are presented as common stock held in treasury, at cost, on the consolidated balance sheets.

Securities Authorized for Issuance under Equity Compensation Plans

	As of December 31, 2016		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
	(In millions)		(In millions)
Equity compensation plans approved by stockholders	7.1 (1)	$ 13.15 (2)	0.7 (3)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A

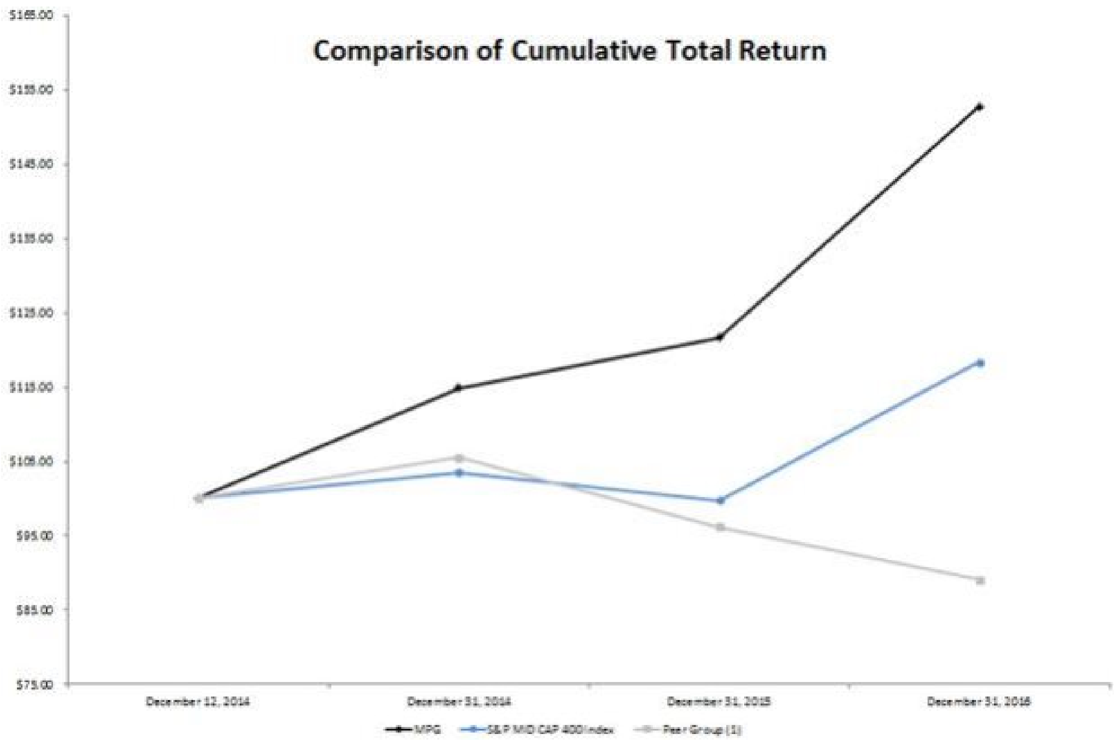
(1) Amount includes equity awards issued by HHI, Metaldyne, and Grede prior to the Combination. In conjunction with the Combination on August 4, 2014, these awards were converted into options to purchase shares of MPG common stock (the "Converted Options"). As of December 31, 2016, there were 3.0 million Converted Options outstanding.

(2) The calculation of weighted-average exercise price excludes 0.5 million of outstanding restricted share awards and 1.0 million of outstanding restricted stock unit awards.

(3) All of the securities remaining for future issuance are available under our 2014 Equity Incentive Plan, which authorized the grant of equity awards to purchase up to 5.9 million shares of MPG common stock. All equity awards granted on or after August 4, 2014 were issued under the 2014 Equity Incentive Plan.

Performance Graph

The line graph below compares the cumulative total stockholder return on the S&P Mid Cap 400 Index, Metaldyne Performance Group Inc., and a peer group of companies for the period from December 12, 2014 (the date the Company's common stock began trading on the NYSE) to December 31, 2016, assuming a fixed investment of $100 made at the respective closing prices on December 12, 2014 and the reinvestment of cash dividends.



	December 12, 2014	December 31, 2014	December 31, 2015	December 31, 2016
MPG	$ 100.00	114.89	121.63	152.71
S&P MID CAP 400 Index	100.00	103.57	99.73	118.41
Peer Group (1)	100.00	105.54	96.13	89.10

(1) The peer group consisted of BorgWarner Inc., Delphi Automotive PLC, American Axle and Manufacturing Holdings Inc., Linamar Corp, Dana Holding Corporation, and Magna International.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

Our historical results are not necessarily indicative of future operating results. You should read the information set forth below in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and included "Item 8. Financial Statements and Supplemental Data."

	Year Ended December 31,				Successor Period (a)	Predecessor Period (a)
	2016	2015	2014	2013	2012	2012
	(In millions, except per share data)					
Statement of Operations Data:						
Net sales	$ 2,790.7	3,047.3	2,717.0	2,017.3	205.3	680.5
Cost of sales	2,321.5	2,531.3	2,294.1	1,708.7	199.5	559.0
Gross profit	469.2	516.0	422.9	308.6	5.8	121.5
Selling, general and administrative expenses	242.3	249.6 (c)	194.6	123.2	14.4	116.6
Acquisition costs	—	—	13.0	—	25.9	13.4
Goodwill impairment	—	—	11.8	—	—	—
Operating profit (loss)	226.9	266.4	203.5	185.4	(34.5)	(8.5)
Interest expense, net	103.5	107.5	99.9	74.7	11.1	25.8
Loss on debt extinguishment	—	0.4	60.7	—	—	—
Other, net	(11.9)	(15.4)	(11.3)	17.8	1.5	2.4
Other expense. net	91.6	92.5	149.3	92.5	12.6	28.2
Income (loss) before tax	135.3	173.9	54.2	92.9	(47.1)	(36.7)
Income tax expense (benefit)	38.4	48.1	(19.1) (b)	35.0	(15.2)	(11.1)
Net income (loss)	96.9	125.8	73.3	57.9	(31.9)	(25.6)
Income attributable to noncontrolling interest	0.6	0.4	0.4	0.3	—	0.2
Net income (loss) attributable to stockholders	$ 96.3	125.4	72.9	57.6	(31.9)	(25.8)
Net income (loss) per share attributable to stockholders:						
Basic	$ 1.43	1.86	1.09	0.86	(0.48)	(1.46)
Diluted	1.39	1.80	1.06	0.86	(0.48)	(1.46)
Basic weighted average shares outstanding	67.5	67.3	67.1	67.1	67.1	17.7
Diluted weighted average shares outstanding	69.3	69.7	68.5	67.1	67.1	17.7
Statement of Cash Flows Data:						
Cash flows from operating activities	$ 318.6	330.0	305.4	234.3	(1.8)	64.7
Cash flows from investing activities	(208.2)	(222.7)	(984.9)	(116.7)	(1,515.0)	(31.3)
Cash flows from financing activities	(62.2)	(86.2)	776.7	(91.1)	1,557.1	(27.3)
Effect of exchange rates	(6.7)	(9.4)	(8.9)	1.4	—	0.3
Net increase in cash and cash equivalents	$ 41.5	11.7	88.3	27.9	40.3	6.4
Balance Sheet Data:						
Cash and cash equivalents	$ 209.7	168.2	156.5	68.2	40.3	Not applicable
Property and equipment, net	831.6	786.0	750.2	539.5	546.2	Not applicable
Total assets (d)	3,190.5	3,157.6	3,203.4	2,178.5	2,217.0	Not applicable
Long-term debt, including capital lease obligations (d)	1,845.1	1,864.1	1,939.0	1,221.4	1,042.5	Not applicable
Total debt (d)	1,846.1	1,864.8	1,940.6	1,241.7	1,049.8	Not applicable
Total liabilities (d)	2,511.3	2,518.6	2,678.5	1,853.3	1,696.5	Not applicable
Total stockholders' equity	679.2	639.0	524.9	325.0	520.5	Not applicable

(a) The period from January 1, 2012 to October 5, 2012 is referred to as the "Predecessor Period." The period from October 6, 2012 to December 31, 2012 is referred to as the "Successor Period."

(b) Includes a $31.6 million deferred tax benefit attributable to a change in the assertion that the earnings of certain foreign subsidiaries were indefinitely reinvested in 2014.

(c) Includes $11.7 million of stock-based compensation expense associated with share based award modifications as part of certain employee separation agreements in 2015.

(d) Effective April 3, 2016, we adopted Accounting Standards Update (ASU) No. 2015-03, Interest – Imputation of Interest (Topic 835-30): Simplifying the Presentation of Debt Issuance Costs and used the retrospective application method to adjust total assets, long-term debt, total debt, and total liabilities balances. All prior period balances have been retrospectively adjusted to conform with the current presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS O F FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our historical combined financial statements covers periods before the Combination. Accordingly, the discussion and analysis of such periods does not reflect the significant impact the Combination will have on our results of operations. See "Item 1A. Risk Factors," and "—Liquidity and Capital Resources." In addition, the statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business, our liquidity and capital resources, and the other non-historical statements in the discussion and analysis are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in "Item 1A. Risk Factors" and "Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by the forward-looking statements. You should read the following discussion together with the sections entitled "Item 1A. Risk Factors," and "Item 6. Selected Historical Financial Data" and the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

Overview

We are a leading provider of highly-engineered components for use in Powertrain and Safety-Critical Platforms for the global light, commercial, and industrial vehicle markets. We produce these components using complex metal-forming manufacturing technologies and processes for a global customer base of vehicle OEMs and Tier I suppliers. We are headquartered in Southfield, Michigan, and our manufacturing is conducted in 55 production facilities located throughout North and South America, Europe, and Asia.

Our History, the Combination and the IPO

Our business represents the reorganization of the businesses of HHI, Metaldyne, and Grede.

HHI manufactures highly-engineered components for the North American light vehicle market. These components include transmission components, driveline components, wheel hubs, axle ring and pinion gears, sprockets, balance shaft gears, timing drive systems, variable valve timing ("VVT") components, transfer case components, and wheel bearings. HHI was formed in 2005, completed the strategic acquisitions of Impact Forge Group, LLC and Cloyes Gear and Products, Inc. and, following a §363 U.S. Bankruptcy Court supervised sale process, acquired certain assets and assumed specified liabilities from FormTech LLC, Jernberg Holdings, LLC, and Delphi Automotive PLC's wheel bearing operations. HHI was acquired by American Securities and certain members of HHI management on October 5, 2012 (the "HHI Transaction"). The purchase price for the HHI Transaction, net of cash and cash equivalents acquired, was $722.2 million. The purchase price was funded by cash from capital contributions of $254.7 million and $505.0 million in term loan debt.

Metaldyne manufactures highly-engineered Powertrain components for the global light vehicle markets. These components include connecting rods, VVT components, balance shaft systems, engine crankshaft dampers, net formed differential gears and pinions and assemblies, differential assemblies, valve bodies, hollow and solid shafts, clutch modules, and assembled end covers. Metaldyne was formed in 2009 as a new entity to acquire certain assets and assume specified liabilities from Oldco M Corporation following a §363 U.S. Bankruptcy Court supervised sale process. Oldco M Corporation was previously formed in 2000 when MascoTech, Inc., a then-publicly traded company, was taken private and acquired Simpson Industries, Inc., another then-public company. Metaldyne was acquired by American Securities and certain members of Metaldyne management on December 18, 2012 (the "Metaldyne Transaction"). The purchase price for the Metaldyne Transaction, including contingent consideration, was $796.6 million net of cash and cash equivalents acquired. The Metaldyne Transaction was financed through a $620.0 million senior secured credit facility, which included a $75.0 million revolving credit facility (of which $6.0 million was outstanding at December 18, 2012), by cash from capital contributions of $295.0 million and $175.0 million of Metaldyne's existing cash at December 18, 2012.

Grede manufactures highly-engineered components for the light, commercial, and industrial (agriculture, construction, mining, rail, wind energy and oil field) vehicle and equipment end-markets. These components include turbocharger housings, differential carriers and cases, scrolls and covers, brake calipers and housings, knuckles, control arms, and axle components. Grede was formed in 2010 through a combination of the assets of the former Grede Foundries, Inc. and Citation Corporation, following a §363 U.S. Bankruptcy Court supervised sale process. Subsequently, Grede acquired Foseco-Morval Inc., GTL Precision Patterns Inc., Paxton-Mitchell Corporation, Virginia Castings Industries LLC, Teknik S.A. de C.V., and Novocast S.A. de C.V., and established an alliance with Georg Fischer Automotive AG (Europe / China). Grede was acquired by American Securities and certain members of Grede management on June 2, 2014 (the "Grede Transaction"). The purchase price for the Grede Transaction was $829.7 million, net of cash and cash equivalents acquired. The purchase price was funded by $258.6 million in cash from capital contributions $600.0 million in borrowings under Grede's term loan credit facility and $75.0 million in borrowings under Grede's revolving credit facility (of which $1.0 million was outstanding at June 2, 2014).

The Combination

HHI, Metaldyne, and Grede were reorganized on August 4, 2014 through the mergers of three separate wholly-owned merger subsidiaries of MPG. As a result, HHI, Metaldyne, and Grede became wholly owned subsidiaries of MPG. These transactions are referred to as the Combination. The Combination has been accounted for as a reorganization of entities under common control in a manner similar to a pooling of interests, that is, the bases of accounting of HHI, Metaldyne, and Grede were carried over to MPG. See Note 2 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

The Refinancing

On October 20, 2014, MPG Holdco, our wholly owned subsidiary, entered into senior credit facilities in the aggregate amount of $1,600.0 million (the "Senior Credit Facilities"). The Senior Credit Facilities provide for (i) the seven-year $1,350.0 million Term Loan Facility and (ii) the five-year $250.0 million revolving credit facility (the "Revolving Credit Facility"). The Senior Credit Facilities rank guaranteed by MPG and substantially all of our existing and future domestic restricted subsidiaries and are secured by substantially all of our and the guarantors' assets on a first lien basis, subject, in each case, to certain limitations. On May 8, 2015, the Term Loan Facility was refinanced pursuant to an amendment (the "First Amendment") with a $1,072.6 million U.S. Dollar denominated term loan (the "USD Term Loan") and a €225.0 million term loan (the "Euro Term Loan" and together, the "Refinanced Term Loan Facility"). The Refinanced Term Loan Facility has substantially the same terms as the Term Loan Facility, except that the Refinanced Term Loan Facility has reduced interest rate margins. On October 20, 2014, MPG Holdco also entered into an indenture pursuant to which it issued $600.0 million aggregate principal amount of its 7.375% senior notes due 2022 (the "Senior Notes"). The Senior Notes are *pari passu* in right of payment with the Senior Credit Facilities, but are effectively subordinated to the Senior Credit Facilities to the extent of the value of the assets securing such indebtedness. For further information on the Senior Credit Facilities, see "—Liquidity and Capital Resources."

The net proceeds of the Senior Notes and the borrowings under the Senior Credit Facilities, together with cash on hand, were used to prepay all amounts outstanding under each of HHI, Metaldyne, and Grede's existing senior secured credit facilities as described below:

- the HHI Credit Facilities consisting of (i) the HHI Term Loans in an original aggregate principal amount of $735.0 million and (ii) the $75.0 million HHI Revolver;
- the Metaldyne Credit Facilities consisting of (i) the U.S. Dollar Metaldyne Term Loans in an original aggregate principal amount of $537.0 million, (ii) the Euro denominated Metaldyne Term Loans in an original aggregate principal amount of €100.0 million, and (iii) the $75.0 million Metaldyne Revolver; and
- the Grede Credit Facilities consisting of (i) Grede Term Loans in an original aggregate principal amount of $600.0 million and (ii) the $75.0 million Grede Revolver.

Collectively, we refer to these refinancing transactions and the payment of fees and expenses related to the foregoing as the "Refinancing."

The IPO

On December 12, 2014 a portion of the Company's common stock was offered for sale by affiliates of American Securities. As of December 31, 2016, American Securities owned 76% of our outstanding common stock. As a result, American Securities is able to exert significant voting influence over fundamental and significant corporate matters and transactions. "Item 1A. Risk Factors—Risks Related Our Capital Structure and Our Organizational Structure."

Basis of Presentation

As a result of the Grede Transaction and the Combination, our results of operations include:

- the results of HHI and Metaldyne for the years ended December 31, 2014, 2015, and 2016; and
- the results of Grede from June 2, 2014 through December 31, 2014 and for the years ended December 31, 2015 and 2016.

We operate on a 13 week fiscal quarter which ends on the Sunday nearest to March 31, June 30, or September 30, as applicable. Our fiscal year ends on December 31.

Factors Affecting the Comparability of Our Results of Operations

As a result of a number of factors, our results of operations for 2016, 2015, and 2014 are not comparable. Also, our historical results of operations may not be comparable to our results of operations in future periods and our results of operations may vary from period to period. The following is a brief discussion of the key factors impacting the comparability of our results of operations.

The Grede Transaction and the Combination

As a result of each of the Grede Transaction and the Combination, our revenue and expenses have increased significantly and periods prior to the Grede Transaction or the Combination are not comparable to periods after each of them. The main aspects of the Grede Transaction and the Combination affecting comparability include:

- *Our Historical Results Do Not Reflect All of Our Businesses.* Our results for the periods prior to June 2, 2014, the date of the Grede Transaction, do not include the results of Grede.
- *Transaction-Related Costs.* In connection with the Grede Transaction, we incurred $13.0 million of non-recurring transaction-related expenses, principally professional and sponsor fees. These transaction costs were included in acquisition costs for 2014 and will not recur in future periods. In addition, in connection with the Combination, we incurred additional transaction-related expenses of $1.5 million that were recorded as transaction-related costs in the year ended December 31, 2014.
- *Increased Interest Expense.* In connection with the Grede Transaction, we assumed indebtedness and incurred additional indebtedness, which increased our interest expense.
- *Increased Depreciation and Amortization Expense.* The Grede Transaction was accounted for as a purchase. As such, the assets acquired and liabilities assumed and non-controlling interests were measured and reported in our financial statements at fair value. Since and including the Grede Transaction, we (i) recorded goodwill and other net intangible assets of $369.1 million and (ii) significantly increased the value of property and equipment with the step-up to fair value.
- *Stock-Based Compensation.* In connection with the Grede Transaction, the Combination and modification of certain awards, we incurred stock-based compensation expense, which is included in selling, general, and administrative expense for the relevant period. We will incur additional stock-based compensation expense in future periods.
- *Income Taxes.* In connection with the Grede Transaction, significant book and tax differences were accounted for in deferred taxes.

Operational Changes

As a result of several factors, including our assessment of plant performance, facilities and equipment operating condition, availability of labor, and related operating costs, we may close or consolidate production lines or entire plants. These changes can result in the transfer or reduction of business, impairment losses, costs to transfer operations to a new plant, and other expenses. In 2015, Grede closed its Berlin, Wisconsin facility, which resulted in a $4.0 million impairment charge within *cost of sales* for the year ended December 31, 2015. In 2016, the Company announced plans to close Grede's Bessemer, Alabama facility and HHI's Sandusky, Ohio facility. The closure of the Bessemer facility, which was primarily due to declines in heavy truck and industrial equipment markets, resulted in a $2.3 million asset impairment charge within *cost of sales* for the year ended December 31, 2016. There was no impairment charge associated with the planned closure of the Sandusky facility as its asset carrying values were substantially depreciated and recoverable from the facility's remaining operation and wind-down activities.

Foreign Currency Fluctuations

As a result of our global operations, we generate a significant portion of our net sales and incur a substantial portion of our expenses in currencies other than the U.S. dollar. As a result, our net sales, cost of sales, operating expenses, and certain assets and liabilities fluctuate as the value of such currencies fluctuate in relation to the U.S. dollar. In addition, the results of operations of some of our operating entities are reported in currencies other than the U.S. dollar and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. As a result, appreciation of the U.S. dollar against these other currencies generally will have a negative impact on our reported sales and profits while depreciation of the U.S. dollar against these other currencies will generally have a positive effect on reported sales and profits. Our primary currency exposure is to the Euro in addition to exposure to Mexican Peso, Korean Won and Chinese Renminbi. We have not entered into any significant foreign currency exchange contracts to mitigate this risk.

Commodity Price Risk

We maintain raw material price pass-through arrangements with our customers on substantially all of our products to reduce exposure to raw material price fluctuations. In instances where the risk is not covered contractually, we have generally been able to adjust customer prices to recover commodity cost increases. As a result, our net sales and cost of sales may increase or decrease based on fluctuations in prevailing commodity prices during the period.

Additionally, we sell scrap generated from our manufacturing processes; our cost of sales will increase or decrease based on fluctuations in scrap prices.

Debt Refinancings

In 2014, we completed several debt refinancing transactions to fund the return of capital to our stockholders and to consolidate our debt after our Combination. These transactions increased our indebtedness, increased our interest expense and resulted in debt refinancing costs. In May 2015, we completed a debt refinancing transaction to reduce interest expense and to refinance a portion of our existing term loan with a Euro denominated term loan.

Interest Rate Fluctuations

Our indebtedness contains variable interest rate provisions. As a result, our interest expense may vary from period to period due to variations in prevailing interest rates.

Stock-based Compensation

In conjunction with the Combination and the IPO and in subsequent periods, we issued and expect to issue long-term equity incentive awards in the form of restricted shares or stock options to our officers, key employees, and non-employees. The result is an increase in our selling, general, and administrative expenses in future periods as the grant-date value of the awards are recognized in expense over the vesting term of the awards. The following grants and modifications of stock-based compensation awards impact the year to year comparability of our results of operations:

- In connection with the Combination, we issued 1.6 million options to acquire MPG common stock with a total grant-date value of $17.8 million, of which $7.9 million was recognized in expense immediately in 2014 and the remainder will be recognized in expense over a four-year vesting period.
- In connection with the IPO, in December 2014, we issued restricted stock awards and restricted stock unit awards with a total grant-date value of $12.7 million, which is to be recognized in expense over the vesting periods of the awards.
- During 2015, we issued stock-based compensation awards having a total grant-date fair value of $19.1 million, which is to be recognized in expense over the three-year vesting period of the awards.
- During 2015, we modified certain awards in connection with the departure of certain employees which resulted in $11.7 being expensed immediately in 2015.
- During 2016, we issued stock-based compensation awards having a total grant-date fair value of $18.0 million, which is to be recognized in expense over the three-year vesting period of the awards.

Our Segments

We are organized in, operate and report our results of operations for three segments:

- HHI segment, which is comprised of the HHI business;
- Metaldyne segment, which is comprised of the Metaldyne business; and
- Grede segment, which is comprised of the Grede business.

We allocate the corporate costs of MPG equally among the three segments due to their similar size and nature of the costs, unless the costs are directly associated with one or more segments.

Factors Affecting our Results of Operations

Industry Trends

We primarily serve the global light vehicle and the North American commercial and industrial vehicle and equipment end-markets with a focus on Powertrain and Safety-Critical applications. Our net sales are impacted by demand in these end-markets. Demand in these end-markets is driven by consumer preferences and regulatory requirements (particularly related to fuel economy and safety standards), and macro-economic factors.

Economic Conditions

Our net sales are driven by the strength of the global light vehicle industry, particularly in North America, as well as the North American commercial and industrial vehicle industry, each of which tends to be highly correlated to macro-economic conditions. The level of demand for our products depends primarily upon the level of consumer demand for new vehicles, as well as the demand for commercial and industrial vehicles, that are manufactured with our products. Variations in global macro-economic conditions, particularly in North America and Europe that result in changes in vehicle sales and production by our customers, have impacted and will continue to impact our net sales.

Consumer Preferences and Government Regulations

Demand for our component parts is a function of the number of vehicles produced and trends in content per vehicle for specific component categories. These variables are driven by consumer preferences and regulatory requirements, particularly related to fuel economy and safety standards. OEMs continue to source vehicle component parts that improve fuel economy and safety in order to meet increasingly strict regulatory requirements around the world. These trends have impacted and will continue to impact our net sales.

Supply Dynamics

During 2008 and 2009 a significant amount of the automotive forging and casting capacity was removed from the North American market. In addition, the number of light vehicle Powertrain and Safety-Critical component suppliers declined significantly. Capacity has not rebounded to historical levels due to the magnitude of the investment and the length of time required in opening new facilities, acquiring equipment, and navigating environmental permitting processes. These trends have impacted and will continue to impact our net sales and gross profit.

Globalization of Platforms

In recent years, light vehicle OEMs have increasingly consolidated their vehicle engine and transmission Platforms with localized sourcing to improve supply chain efficiency, reduce unit cost, and increase profitability. As a result of our global manufacturing footprint, these trends have impacted and may continue to impact our net sales and gross profit.

Pricing

Cost-cutting initiatives by vehicle OEMs, as well as ongoing value analysis/value engineering ("VA/VE") activity, result in changes to the pricing of our products. Many of our long-term contracts with our customers require us to reduce our prices in subsequent years, and all of these contracts provide for pricing adjustments for engineering changes and other changes to specifications. We have historically mitigated the impact of pricing on our margins through working with our customers on VA/VE activities, which generally result in reduced prices in conjunction with reduced costs. We also focus on ongoing cost reductions and increases in manufacturing efficiencies throughout our operations. Our profitability in future periods depends, in part, on our ability to generate sufficient production cost savings as well as VA/VE projects and other efficiency improvements to offset any future price reductions.

Key Components of Results of Operations

Net Sales

We generate net sales primarily from the sale of Powertrain and Safety-Critical products for the global light, commercial and industrial vehicle markets. Our net sales reflect the impact of customer pricing allowances. Net sales are also impacted by volume, customer prices, product mix, material surcharges, and foreign currency fluctuations. These factors all have an impact on future sales as fluctuations in volume, pricing, foreign currency, and material prices directly impact our net sales.

Cost of Sales

Cost of sales consists of raw material costs, direct labor associated with the manufacture and assembly of our products, and the overhead expense related to our manufacturing operations. For the years ended December 31, 2016, 2015 and 2014, raw material costs, labor costs, and manufacturing overhead expenses were approximately 47%, 23%, and 30%; 49%, 22%, and 29%; and 51%, 20%, and 29%, respectively, of our total cost of sales.

Our direct material costs are comprised primarily of raw materials and sub-component parts used in the production or our components. We maintain raw material price pass-through arrangements with our customers on substantially all of our products whereby increases and decreases in the cost of our raw materials are adjusted in our selling prices either through a change in selling price or a surcharge mechanism. These costs have generally followed the related markets for the underlying commodities that we utilize, including special bar quality steel, scrap steel, powder metal, pig iron, and molten aluminum. The cost changes and the related changes in prices or surcharges are reflected in our cost of sales and our net sales.

Our direct labor costs are comprised of the wages of our workforce that is directly associated with the production of our products. Where we have union agreements (see “Item 1. Business—Employees”), wage increases follow the negotiated requirements of the related contract. Wages for non-union employees follow local market conditions for merit increases and employment. Benefit costs are subject to changes in healthcare cost trends, payroll and unemployment tax rates, and changes in benefit plan structure.

Our overhead costs are comprised of variable and fixed costs related to the operation of our manufacturing facilities. These costs include depreciation, rent expense, maintenance, perishable tooling, indirect labor costs, including benefits, and utilities. Costs related to overhead are impacted by inflation, changes in production volumes, and the requirements of products produced at each location.

Gross Profit

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) are impacted by a number of factors including, product mix, percentage of net sales from raw material price fluctuations, foreign currency fluctuations, overhead cost fluctuations and depreciation and amortization cost fluctuations due to changes in capital expenditures and purchase accounting adjustments. Gross margins on our products vary based on their composition, the complexity of the production process, the length of time that the products have been in production, and other factors.

Selling, General and Administrative Expenses

Selling, general, and administrative (“SG&A”) expenses consist of salaries and benefits for our sales, marketing, management, and administrative personnel, professional fees, expenses relating to certain IT systems, and amortization of certain of our intangibles. As a result of the IPO, we have incurred significant additional legal, accounting, and other expenses in connection with being a public company including compliance with the Sarbanes-Oxley Act. We have also incurred increased stock-based compensation expense with the establishment of our new equity incentive plan associated with the Combination and related grants of equity either in the form of restricted stock or options.

Goodwill Impairment

Goodwill impairment reflects an $11.8 million impairment charge recognized in the fourth quarter of 2014 to fully impair the goodwill assigned to a reportable unit with the HHI segment.

Acquisition Costs

Acquisition costs consist of direct expenses related to the Grede Transaction.

Interest Expense, Net

Interest expense, net consists primarily of interest on borrowings, and the amortization of costs incurred to obtain long-term financing, partially offset by interest income on short-term cash and cash equivalents.

Other, Net

Other, net primarily consists of foreign currency gains and losses, and debt transaction expenses.

Income Tax Expense (Benefit)

Income tax expense (benefit) consists of federal, state, and local taxes based on income in multiple jurisdictions. Our income tax expense is impacted by the pre-tax earnings in jurisdictions with varying tax rates and any related foreign tax credits that may be available to us. Our current and future provision for income taxes will vary from statutory rates due to the impact of valuation allowances in certain countries, income tax incentives and holidays, certain non-deductible expenses, withholding taxes, and other discrete items.

Key Operating Metrics

We evaluate the performance of our business using a variety of operating and performance metrics. Set forth below is a description of our key operating metrics.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, provision for (benefit from) income taxes, and depreciation and amortization, with further adjustments to reflect the additions and eliminations of certain income statement items, including (i) gains and losses on foreign currency and fixed assets and debt transaction expenses, (ii) stock-based compensation and other non-cash charges, (iii) sponsor management fees and other income and expense items that we consider to be not indicative of our ongoing operations, (iv) specified non-recurring items, and (v) other adjustments.

We believe Adjusted EBITDA is used by investors as a supplemental measure to evaluate the overall operating performance of companies in our industry. Management uses Adjusted EBITDA (i) as a measurement used in comparing our operating performance on a consistent basis, (ii) to calculate incentive compensation for our employees, (iii) for planning purposes, including the preparation of our internal annual operating budget, (iv) to evaluate the performance and effectiveness of our operational strategies, and (v) to assess compliance with various metrics associated with our agreements governing our indebtedness. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating performance in the same manner as our management. For a reconciliation of Adjusted EBITDA to income before tax, the most directly comparable measure determined under U.S. generally accepted accounting principles ("GAAP"), see "—Year ended December 31, 2016 compared to year ended December 31, 2015—Adjusted EBITDA" and "—Year ended December 31, 2015 compared to year ended December 31, 2014—Adjusted EBITDA."

Incremental Business Backlog

Incremental business backlog, which we measure as anticipated net product sales from incremental business for the next four years, net of Programs being phased out and any contractual pricing changes, was approximately $443 million as of December 31, 2016. We are typically awarded Programs one to three years prior to the start of production on new and replacement business. Due to the timing of the OEM sourcing cycle, our anticipated net product sales were measured based on contracts to be fulfilled during 2017 through 2020. Our estimate of anticipated net product sales includes formally awarded new Programs, Programs which we believe are highly probable of being awarded to us, and expected volume and pricing changes on existing Programs. Our estimate may be impacted by various assumptions including vehicle production levels on new and replacement Programs, customer price reductions, scrap prices, material price indices, currency exchange rates and the timing of Program launches. Therefore, this anticipated net product sales information could differ significantly from actual firm orders or firm commitments, and awards of business do not represent guarantees of production volumes or revenues.

Results of Operations

Year ended December 31, 2016 compared to year ended December 31, 2015

The following table sets forth our results of operations:

	Year Ended December 31, 2016	Year Ended December 31, 2015
	(In millions)	
Net sales	$ 2,790.7	3,047.3
Cost of sales	2,321.5	2,531.3
Gross profit	469.2	516.0
Selling, general and administrative expenses	242.3	249.6
Operating income	226.9	266.4
Interest expense, net	103.5	107.5
Loss on debt extinguishment	0.0	0.4
Other, net	(11.9)	(15.4)
Income before tax	135.3	173.9
Income tax expense	38.4	48.1
Net income	96.9	125.8
Income attributable to noncontrolling interests	0.6	0.4
Net income attributable to stockholders	$ 96.3	125.4

Net Sales

Net sales were $2,790.7 million for the year ended December 31, 2016, as compared to $3,047.3 million for the year ended December 31, 2015, a decrease of $256.6 million. The decrease was primarily driven by a decrease in industrial and commercial sales of approximately $93 million, approximately $80 million of attrition in wheel bearing programs which reduced total wheel bearing program sales to $109.7 million for the year ended December 31, 2016, the impact of lower raw material surcharge pass-through of approximately $58 million, net price decreases of approximately $23 million, a decrease of approximately $14 million from light vehicle volumes and unfavorable foreign currency movements of approximately $7 million. These decreases were partially offset by approximately $19 million of additional sales due to the acquisition of Brillion Iron Works, Inc. on September 2, 2016 (the “Brillion Acquisition”).

The following table sets forth our net sales by segment:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Increase (Decrease)	Percent Change
	(In millions)			
HHI segment	$ 834.9	984.8	(149.9)	(15.2%)
Metaldyne segment	1,168.5	1,155.7	12.8	1.1%
Grede segment	787.3	906.8	(119.5)	(13.2%)
Total	$ 2,790.7	3,047.3		

The decrease in HHI net sales was primarily attributable to the scheduled attrition of wheel bearing programs of approximately $80 million, lower light vehicle volumes on certain platforms of approximately $30 million, lower raw material surcharge pass-through of approximately $26 million and net price decreases of approximately $13 million.

The increase in Metaldyne net sales was primarily attributable to increased light vehicle volumes of approximately $35 million, partially offset by lower raw material surcharge pass-through of approximately $9 million, foreign currency movements of approximately $7 million, and net price decreases of approximately $5 million.

The decrease in Grede net sales was primarily attributable to the decrease in industrial and commercial volumes of approximately $93 million, lower raw material surcharge pass-through of approximately $22 million, lower light vehicle volumes of approximately $19 million and net price reductions of approximately $5 million, partially offset by approximately $19 million of additional sales from the Brillion Acquisition in September 2016.

Cost of Sales

Cost of sales was $2,321.5 million for the year ended December 31, 2016, as compared to $2,531.3 million for the year ended December 31, 2015, a decrease of $209.8 million. This decrease was primarily driven by lower raw material surcharge costs of approximately $66 million, lower industrial and commercial sales volume impact of approximately $65 million, lower manufacturing costs from the scheduled attrition of wheel bearing programs of approximately $50 million, lower costs due to foreign currency exchange of approximately $10 million, net manufacturing cost reductions, lower depreciation, and lower light vehicle volumes.

The following table sets forth our cost of sales by segment:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Increase (Decrease)	Percent Change
	(In millions)			
HHI segment	$ 697.1	809.1	(112.0)	(13.8%)
Metaldyne segment	957.8	964.4	(6.6)	(0.7%)
Grede segment	666.6	757.8	(91.2)	(12.0%)
Total	$ 2,321.5	2,531.3		

The decrease in HHI cost of sales was primarily due to lower raw material surcharge costs of approximately $37 million and the scheduled attrition of wheel bearing programs of approximately $46 million, partially offset by higher net manufacturing costs due to unfavorable product mix.

The decrease in Metaldyne cost of sales was primarily attributable to foreign currency movements of approximately $10 million, lower raw material surcharge costs of approximately $8 million, and net manufacturing cost reductions, partially offset by increased volumes of approximately $18 million.

The decrease in Grede cost of sales was primarily attributable to lower volumes of approximately $61 million, mainly driven by industrial and commercial volume reductions, lower raw material surcharge costs of approximately $22 million and net manufacturing cost reductions.

Gross Profit

Gross profit was $469.2 million for the year ended December 31, 2016, as compared to $516.0 million for the year ended December 31, 2015, a decrease of $46.8 million. The decrease was primarily driven by the factors discussed above.

The following table sets forth our gross profit by segment:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Increase	Percent Change
	(In millions)			
HHI segment	$ 137.8	175.6	(37.8)	(21.5%)
Metaldyne segment	210.7	191.4	19.3	10.1%
Grede segment	120.7	149.0	(28.3)	(19.0%)
Total	$ 469.2	516.0		

Operating Income

Operating income was $226.9 million for the year ended December 31, 2016, as compared to $266.4 million for the year ended December 31, 2015, a decrease of $39.5 million. This decrease was primarily driven by the impact of lower gross profit of $46.8 million described above, partially offset by a $7.3 million net decrease in selling, general, and administrative expenses. The net decrease in selling, general and administrative expenses was primarily due to a reduction of expenses of approximately $13 million, offset by higher professional fees of approximately $6 million related to the pending AAM Merger.

The following table sets forth our operating income by segment:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Increase	Percent Change
	(In millions)			
HHI segment	$ 71.2	105.2	(34.0)	(32.3%)
Metaldyne segment	133.9	116.1	17.8	15.3%
Grede segment	21.8	45.1	(23.3)	(51.7%)
Total	$ 226.9	266.4		

The decrease in HHI operating income was primarily attributable to the decrease in gross profit, partially offset by a slight decrease in selling, general and administrative expenses.

The increase in Metaldyne operating income was primarily attributable to the increase in gross profit, partially offset by higher wages and benefits in selling, general, and administrative expenses which were driven by added engineering and management positions associated with new product launches and plant expansions.

The decrease in Grede operating income was primarily attributable to the decrease in gross profit, partially offset by lower selling, general and administrative expenses.

Interest Expense, Net

Interest expense, net was $103.5 million for the year ended December 31, 2016, as compared to $107.5 million for the year ended December 31, 2015, a decrease of $4.0 million. The decrease in interest expense, net reflected lower average outstanding borrowings due to the pay down of long-term debt and lower average interest rates due to the re-pricing of our term loan debt in May 2015.

Other, Net

Other, net reflected income of $11.9 million for the year ended December 31, 2016, as compared to income of $15.4 million for the year ended December 31, 2015, an unfavorable change of $3.5 million. The change in other, net compared to the prior period was primarily due to a $5.5 million unfavorable change in gain or loss on foreign currency transactions. Approximately $1.5 million of the $5.5 million unfavorable change was attributable to the remeasurement of our Euro denominated Term Loan.

Income Taxes

Income tax expense was $38.4 million and $48.1 million for the years ended December 31, 2016 and 2015 respectively. This reduction is primarily the result of a decrease in income before tax due to the factors described above. Our effective tax rate was 28.4% and 27.7% for the years ended December 31, 2016 and 2015 respectively. The effective tax rate increased primarily due to an increase in deferred income taxes on the foreign earnings for those wholly owned foreign subsidiaries where basis differentials are not indefinitely reinvested and an increase in non-deductible transaction expenses. These unfavorable impacts were partially offset by a net benefit of $2.6 million resulting from a change in estimate about the Company’s ability to utilize foreign tax credits, by the impact of a favorable court ruling in Spain in connection with an ongoing audit, and by a year over year increase in the Company’s research and experimentation credit.

Net Income Attributable to Stockholders

Net income attributable to stockholders was $96.3 million, or 3.4% of net sales for the year ended December 31, 2016, as compared to $125.4 million, or 4.1% of net sales for the year ended December 31, 20 15, a decrease of $29.1 million. The decrease was primarily attributable to the factors discussed above.

Adjusted EBITDA

Management's assessment of performance includes an evaluation of Adjusted EBITDA. The following table sets forth Adjusted EBITDA by segment.

	Year Ended December 31, 2016	Year Ended December 31, 2015
	(In millions)	
Adjusted EBITDA		
HHI segment	$ 161.2	199.8
Metaldyne segment	220.5	205.7
Grede segment	111.3	132.7
Total	$ 493.0	538.2

The following table sets forth a reconciliation of Adjusted EBITDA to income before tax, the most directly comparable GAAP measure:

	Year Ended December 31, 2016	Year Ended December 31, 2015
	(In millions)	
Adjusted EBITDA	$ 493.0	538.2
Interest expense	(103.5)	(107.5)
Depreciation and amortization	(221.3)	(229.8)
Loss on debt extinguishment	—	(0.4)
Gain on foreign currency	14.6	20.2
Loss on fixed assets	(5.3)	(2.8)
Debt transaction expenses	—	(1.7)
Stock-based compensation	(17.5)	(27.7)
Non-recurring acquisition and purchase accounting related items	(8.2)	(3.0)
Non-recurring operational items	(16.5)	(11.6)
Income before tax	$ 135.3	173.9

EBITDA is calculated as net income before interest expense, income tax expense (benefit) and depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted for:

- (gain) loss on foreign currency;
- (gain) loss on fixed assets;
- debt transaction expenses;
- stock-based compensation;
- sponsor management fee;
- non-recurring acquisition and purchase accounting related items; and
- non-recurring operational items.

Adjusted EBITDA eliminates the effects of items that we do not consider indicative of our core operating performance. Adjusted EBITDA is a supplemental measure of operating performance that does not represent and should not be considered as an alternative to net income, as determined under GAAP, and our calculation of Adjusted EBITDA may not be comparable to those reported by other companies.

Management believes the inclusion of the adjustments to Adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future. By providing this non-GAAP financial measure, together with reconciliation to GAAP results, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives. We believe Adjusted EBITDA is used by investors as a supplemental measure to evaluate the overall operating performance of companies in our industry.

Management uses Adjusted EBITDA or comparable metrics:

- as a measurement used in comparing our operating performance on a consistent basis;
- to calculate incentive compensation for our employees;
- for planning purposes, including the preparation of our internal annual operating budget;
- to evaluate the performance and effectiveness of our operational strategies; and
- to assess compliance with various metrics associated with our agreements governing our indebtedness.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect all GAAP non-cash and non-recurring adjustments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect the cash requirements for such replacements;
- Adjusted EBITDA does not reflect our tax expense or the cash requirements to pay our taxes; and
- Adjusted EBITDA does not reflect the non-cash component of employee compensation.

To address these limitations, we reconcile Adjusted EBITDA to the most directly comparable GAAP measure, income before tax. Further, we also review GAAP measures and evaluate individual measures that are not included in Adjusted EBITDA.

Year Ended December 31, 2015 compared to year ended December 31, 2014

The following table sets forth results of operations:

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(In millions)	
Net sales	$ 3,047.3	2,717.0
Cost of sales	2,531.3	2,294.1
Gross profit	516.0	422.9
Selling, general and administrative expenses	249.6	194.6
Acquisition costs	—	13.0
Goodwill impairment	—	11.8
Operating income	266.4	203.5
Interest expense, net	107.5	99.9
Loss on debt extinguishment	0.4	60.7
Other, net	(15.4)	(11.3)
Income before tax	173.9	54.2
Income tax expense (benefit)	48.1	(19.1)
Net income	125.8	73.3
Income attributable to noncontrolling interests	0.4	0.4
Net income attributable to stockholders	$ 125.4	72.9

Net Sales

Net sales were $3,047.3 million for the year ended December 31, 2015 as compared to $2,717.0 million for the year ended December 31, 2014, an increase of $330.3 million. This increase was primarily driven by the impact of the Grede acquisition of approximately $409 million and increased volumes, mainly due to light vehicle production volumes, partially offset by foreign currency movements of approximately $70 million, lower raw material surcharge pass-through of approximately $81 million and net price decreases of approximately $18 million.

The following table sets forth our net sales by segment:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Increase (Decrease)	Percent Change
	(In millions)			
HHI segment	$ 984.8	968.5	16.3	1.7%
Metaldyne segment	1,155.7	1,176.4	(20.7)	(1.8%)
Grede segment	906.8	572.1	334.7	58.5%
Total	$ 3,047.3	2,717.0		

The increase in HHI net sales was primarily attributable to increased volumes due to higher North American light vehicle production levels partially offset by lower raw material surcharge pass-through and price decreases .

The decrease in Metaldyne net sales was primarily attributable to foreign currency movements, net price decreases, and lower raw material pass-through, partially offset by increased volumes due to higher North American and European light vehicle production levels.

The increase in Grede net sales was primarily attributable to the additional five months of results included in the year ended December 31, 2015, partially offset by lower raw material pass-through surcharges and volume reduction in the industrial market.

Cost of Sales

Cost of sales was $2,531.3 million for the year ended December 31, 2015 as compared to $2,294.1 million for the year ended December 31, 2014, an increase of $237.2 million. This increase was primarily driven by the impact of the Grede acquisition of approximately $338 million, lower scrap sales and higher wages, benefits, and utilities. These increases were partially offset by foreign currency movements of approximately $63 million, lower raw material surcharge costs of approximately $80 million, net manufacturing cost reductions, and lower depreciation.

The following table sets forth our cost of sales by segment:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Increase (Decrease)	Percent Change
	(In millions)			
HHI segment	$ 809.1	804.1	5.0	0.6%
Metaldyne segment	964.4	1,003.0	(38.6)	(3.8%)
Grede segment	757.8	487.0	270.8	55.6%
Total	$ 2,531.3	2,294.1		

The increase in HHI cost of sales was primarily due to increased volumes, lower scrap sales and higher wages, benefits, and utilities, mostly offset by lower raw material surcharge costs and net manufacturing cost savings.

The decrease in Metaldyne cost of sales was primarily attributable to foreign currency movements, lower depreciation, and raw material surcharge costs, partially offset by increased volumes and higher wages, benefits and utilities.

The increase in Grede cost of sales was primarily attributable to the additional five months of results included in the year ended December 31, 2015, partially offset by raw material surcharge costs.

Gross Profit

Gross profit was $516.0 million for the year ended December 31, 2015 as compared to $422.9 million for the year ended December 31, 2014, an increase of $93.1 million. This increase was primarily driven by the impact of the Grede acquisition of approximately $71 million, increased volumes, net manufacturing cost reductions, and lower depreciation. These increases were partially offset by lower scrap sales of approximately $11 million driven by the decline in the scrap metal market, in addition to the factors discussed above.

The follo wing table sets forth our gross profit by segment:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Increase	Percent Change
	(In millions)			
HHI segment	$ 175.6	164.4	11.2	6.8%
Metaldyne segment	191.4	173.4	18.0	10.4%
Grede segment	149.0	85.1	63.9	75.1%
Total	$ 516.0	422.9		

The increase in HHI gross profit was primarily attributable to increase in light vehicle sales volume and net manufacturing cost savings, partially offset by lower scrap sales and increased wages and benefits.

The increase in Metaldyne gross profit was primarily attributable to lower depreciation and increased sales volumes, partially offset by net price decreases and foreign currency movements.

The increase in Grede gross profit was primarily attributable to the additional five months of results included in the year ended December 31, 2015.

Operating Income

Operating income was $266.4 million for the year ended December 31, 2015 as compared to $203.5 million for the year ended December 31, 2014, an increase of $62.9 million. This increase was primarily driven by the impact of the additional five months of Grede segment results of approximately $30 million, $13 million of acquisition related costs incurred in June 2014 resulting from the Grede acquisition, $11.8 million of goodwill impairment recognized in 2014, and the increase in gross profit due to the factors discussed above . These increases were partially offset by a $10.4 million increase in stock-based compensation expense and additional costs associated with being a public company, including higher professional fees.

The following table sets forth our operating income by segment:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Increase	Percent Change
	(In millions)			
HHI segment	$ 105.2	86.9	18.3	21.1%
Metaldyne segment	116.1	100.7	15.4	15.3%
Grede segment	45.1	15.9	29.2	183.6%
Total	$ 266.4	203.5		

The increase in HHI operating income was primarily attributable to the increase in gross profit and $11.8 million of goodwill impairment recorded in 2014, partially offset by higher professional fees.

The increase in Metaldyne operating income was primarily attributable to the increase in gross profit, partially offset by increased stock-based compensation and higher professional fees.

The increase in Grede operating income was primarily attributable to the additional five months of results included in the year ended December 31, 2015.

Interest Expense, Net

Interest expense, net was $107.5 million for the year ended December 31, 2015 as compared to $99.9 million for the year ended December 31, 2014, an increase of $7.6 million. The increase in interest expense, net reflected higher average outstanding borrowings including the additional debt associated with the Grede Transaction in June 2014 and higher overall interest rates due to the issuance of our Senior Notes in the fourth quarter of 2014, partially offset by lower debt fee amortization and the pay down of long-term debt in 2015.

Loss on Debt Extinguishment

The Company recognized losses on debt extinguishment of $0.4 million and $60.7 million in fiscal years 2015 and 2014, respectively. The loss recognized in 2015 relates to the amendment and refinancing of the Company's Term Loan Facility in May, 2015. The loss on debt extinguishment recognized in 2014 primarily relates to the full repayment of the outstanding term debts of each segment as part of the Refinancing in October, 2014. Included in the 2014 loss on debt extinguishment are $60.4 million in write-offs of unamortized debt fees, expenses, and original issuance discounts associated with the previous term debts.

Other, Net

Other, net was $15.4 million of income for the year ended December 31, 2015 as compared to income of $11.3 million for the year ended December 31, 2014, a favorable change of $4.1 million. The change in other, net from 2014 was primarily due to a $2.6 million increase in foreign currency transactions gains and a $1.2 million decrease in debt transaction expenses.

Income Taxes

Income taxes were an expense of $48.1 million for the year ended December 31, 2015 and a benefit of $19.1 million for the year ended December 31, 2014. Our effective tax rate was 27.7% for the year ended December 31, 2015 and (35.2)% for the year ended December 31, 2014. The increase in our effective tax rate was primarily attributable to a change in the assertion that the earnings of certain foreign subsidiaries within the Metaldyne segment are indefinitely reinvested, resulting in a $31.6 million deferred tax benefit for the year ended December 31, 2014. In addition, during the year ended December 31, 2014, the Company recognized a net reduction in its unrecognized tax benefits of $2.2 million, primarily resulting from the settlement of a tax audit at one of the Company's German subsidiaries and from foreign exchange rate fluctuations. The research and experimentation credit recorded by the Company decreased from $3.0 million in the year ended December 31, 2014 to $1.3 million in the year ended December 31, 2015 because the amount recorded in 2014 included retroactive credits for the year ended December 31, 2013. These unfavorable impacts were partially offset by effective tax rate decreases resulting from a goodwill impairment charge in our HHI segment during the year ended December 31, 2014, the effect of changes in prior year estimates and the impact of changes in certain state tax rates.

Net Income Attributable to Stockholders

Net income attributable to stockholders was $125.4 million, or 4.1% of net sales for the year ended December 31, 2015, as compared to $72.9 million, or 2.7% of net sales for the year ended December 31, 2014, an increase of $52.5 million, or 72.0%. The increase was primarily attributable to the factors discussed above.

Adjusted EBITDA

Management's assessment of performance includes an evaluation of Adjusted EBITDA. The following table sets forth Adjusted EBITDA by segment.

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(In millions)	
Adjusted EBITDA		
HHI segment	$ 199.8	193.5
Metaldyne segment	205.7	202.3
Grede segment	132.7	82.8
Total	$ 538.2	478.6

The following table sets forth a reconciliation of Adjusted EBITDA to income before tax, the most directly comparable GAAP measure.

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(In millions)	
Adjusted EBITDA	$ 538.2	478.6
Interest expense	(107.5)	(99.9)
Depreciation and amortization	(229.8)	(210.8)
Loss on debt extinguishment	(0.4)	(60.7)
Gain (loss) on foreign currency	20.2	15.7
Loss on fixed assets	(2.8)	(2.1)
Debt transaction expenses	(1.7)	(3.0)
Stock-based compensation	(27.7)	(17.3)
Sponsor management fee	—	(5.1)
Non-recurring acquisition and purchase accounting related items	(3.0)	(23.0)
Non-recurring operational items	(11.6)	(18.2)
Income before taxes	$ 173.9	54.2

See "—Year ended December 31, 2016 compared to year ended December 31, 2015—Adjusted EBITDA" for a description of the calculation of Adjusted EBITDA and a discussion of the use of this measure.

Liquidity and Capital Resources

Our primary cash requirements include the payment of our suppliers and operating expenses, interest and principal payments on our debt and capital expenditures. We have also used cash to return capital to our stockholders through the payment of dividends primarily through cash provided by operations. As of December 31, 2016, we had cash and cash equivalents of $209.7 million and total indebtedness, inclusive of capitalized lease obligations, of $1,846.1 million. We also have access to additional liquidity pursuant to the terms of the Revolving Credit Facility.

Our capital expenditures have been related to the acquisition of machinery and equipment to support our overall business growth as well as increase the efficiency of our manufacturing processes. Our capital expenditures were $194.5 million, $226.3 million, and $156.4 million for the years ended December 31, 2016, 2015, and 2014, respectively.

We believe that our cash flow from operations, available cash and cash equivalents and available borrowings under the Senior Credit Facilities will be sufficient to meet our liquidity needs for the next twelve months and beyond. We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of other indebtedness, equity financings or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities or otherwise to meet our liquidity needs. Although we have no specific current plans to do so, if we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

Our Credit Ratings

The Company has been assigned the following credit ratings and outlook by Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services ("S&P"):

	Moody's	S&P
Corporate	B1	BB-
Revolving Credit Facility	Ba3	BB+
U.S. Dollar Term Loan	Ba3	BB+
Euro Term Loan	Ba3	BB+
Registered Notes	B3	B+
Outlook	Stable	Stable

Our Indebtedness

Senior Credit Facilities

On October 20, 2014, MPG Holdco I Inc., the Company's wholly owned subsidiary ("MPG Holdco") entered into the $250.0 million Revolving Credit Facility. Interest accrues at a rate equal to the London Interbank Offered Rate ("LIBOR') rate plus an applicable margin of 3.25% or a base rate that is the higher of the Federal Funds Rate (plus 0.50%), the U.S. prime rate as published in The Wall Street Journal, or LIBOR (plus 1.00%), plus an applicable margin of 2.25%, at MPG Holdco's option. The applicable margin is based on a leverage ratio grid and was .25% higher prior to the IPO. The Revolving Credit Facility is a five-year facility that matures in 2019. As of December 31, 2016, there was no balance outstanding on the Revolving Credit Facility. Total available under this facility was $236.8 million after giving effect to letters of credit of $13.2 million.

MPG Holdco pays fees with respect to the Revolving Credit Facility, including (i) an unused commitment fee of 0.50% or 0.375% based on a leverage ratio and (ii) fixed fees with respect to letters of credit of 3.25% per annum on the stated amount of each letter of credit outstanding during each month and customary administrative fees.

On October 20, 2014, MPG Holdco entered into the $1,350.0 million a term loan facility (the "Term Loan Facility"). Interest accrued at a rate equal to the LIBOR rate (bearing a LIBOR floor of 1.00%) plus an applicable margin of 3.25% or a base rate that is the higher of the Federal Funds Rate (plus 0.50%), the U.S. prime rate as published in The Wall Street Journal, or LIBOR (plus 1.00%), plus an applicable margin of 2.25%, at MPG Holdco's option. Prior to the IPO, the applicable margin was 3.50% for LIBOR rate loans and 2.50% for base rate loans. On May 8, 2015, the Company amended its Senior Credit Facilities to reduce the applicable interest rates on the Term Loan Facility and to convert a portion of the liability from U.S. Dollar denominated debt to Euro denominated debt. The outstanding balance of Term Loan Facility was repaid and refinanced with the Refinanced Term Loan Facility consisting of a $1,072.6 million U.S. Dollar Term Loan and a €225.0 million Euro Term Loan. The USD Term Loan was issued at par and accrues interest at LIBOR, bearing a 1% floor, plus an applicable margin of 2.75%. The Euro Term Loan was issued at an original issuance discount of 0.5%, or $1.3 million, and accrues interest at EURIBOR, bearing a 1% floor, plus an applicable margin of 2.75%. The USD Term Loan and Euro Term Loan mature in 2021 and are payable in quarterly installments equal to 0.25% of the original loan balances.

The USD Term Loan and Euro Term Loan are subject to customary mandatory prepayments, including an excess cash flow sweep based on leverage ratio step downs and a mandatory prepayment for certain asset sales. At the beginning of a fiscal year, we may be required to prepay a portion of our USD Term Loan and Euro Term Loan in an amount equal to a percentage of the preceding fiscal year's excess cash flow, as defined, with such percentage based on our leverage ratio, as defined. As of December 31, 2016, there are no mandatory prepayments due.

The Senior Credit Facilities, subject to certain exceptions, are guaranteed by the Company and all of MPG Holdco's direct and indirect existing and future domestic subsidiaries.

The agreement governing the Senior Credit Facilities contains certain covenants that, among other things, require MPG Holdco to maintain a leverage ratio once revolver borrowings and letters of credit exceed 35% of aggregate revolving credit commitments as defined under the terms of the Senior Credit Facilities and to comply with customary affirmative and negative covenants. The Senior Credit Facilities also restrict the payment of dividends subject to certain customary exceptions including the ability (i) to pay taxes attributable to MPG Holdco and its subsidiaries, (ii) to pay legal, accounting, and reporting expenses, (iii) to pay general and administrative costs and expenses, and reasonable directors fees and expenses, (iv) to repurchase stock owned by employees subject to certain limitations, (v) to pay management or similar fees subject to certain limitations, (vi) to pay franchise or similar taxes and fees to maintain organizational existence, and (vii) to pay dividends up to $30 million.

MPG Holdco Senior Notes

On October 20, 2014, MPG Holdco issued $600.0 million of aggregate principal amount notes. The Senior Notes mature on October 15, 2022 and bear interest at a rate of 7.375%, payable semiannually on April 15th and October 15th of each year. The Senior Notes are guaranteed by the Company and all of MPG Holdco's direct and indirect domestic subsidiaries that guarantee the Senior Credit Facilities. On May 8, 2015, the Company launched an offer to exchange notes registered with the SEC (the "Registered Notes") for its existing Senior Notes that were not registered with the SEC. The Registered Notes have substantially identical terms as the senior notes. The exchange offer was made pursuant to a prospectus included in a Registration Statement on Form S-4 that was filed with the SEC on May 1, 2015, and declared effective by the SEC on May 8, 2015. The exchange offer was completed on June 8, 2015, and all outstanding original senior notes were tendered and exchanged for the Registered Notes.

The indenture governing the Senior Notes contains certain covenants, including a covenant that restricts the payment of dividends, subject to certain customary exceptions including the ability (i) to pay taxes attributable to MPG Holdco and its subsidiaries, (ii) to pay legal, accounting, and reporting expenses, (iii) to pay general and administrative costs and expenses, and reasonable directors fees and expenses, (iv) to repurchase stock owned by employees subject to certain limitations, (v) to pay management or similar fees subject to certain limitations, (vi) to pay franchise or similar taxes and fees to maintain organizational existence, and (vii) to pay dividends up to $30 million per year.

The proceeds from the Term Loan Facility and Senior Notes were used to prepay the existing debt of Metaldyne, HHI, and Grede, as well as, fees and expenses associated with the Refinancing. Prepayment of the existing debt of Metaldyne, HHI and Grede result ed in the elimination of the restrictions on the ability of each to pay dividends to MPG.

Dividends

During fiscal year 2016, the Company declared and paid the following cash dividends on its common stock:

Date Declared	Date Paid	Dividend Per Share
February 24, 2016	April 26, 2016	$ 0.0900
May 4, 2016	June 21, 2016	0.0925
August 3, 2016	September 20, 2016	0.0925
November 2, 2016	December 9, 2016	0.0925

On February 24, 2017, our board of directors declared a dividend of $0.0925 per share, payable March 24, 2017 to stockholders of record as of March 10, 2017.

Other Liquidity and Capital Resource Items

As of December 31, 2016, $121.9 million of cash and cash equivalents were held by certain foreign subsidiaries whose earnings are reinvested indefinitely. We make this assertion based on the operational and investing needs of the foreign locations and our ability to fund our U.S. operations and obligations from domestic cash flow and capital resources. Based on this assertion, no provision has been made for U.S. income taxes, which would be assessed upon repatriation of the foreign earnings.

On February 24, 2016, our board of directors authorized a share repurchase program (the "Share Repurchase Program"). The Share Repurchase Program, as amended on August 3, 2016, authorized the Company to purchase shares of its common stock for an aggregate repurchase price not to exceed $35.0 million. Subject to applicable rules and regulations, shares could be repurchased through open market purchases, privately negotiated transactions, or otherwise. On November 3, 2016, the Company suspended the Share Repurchase Program due to the pending AAM Merger. As of December 31, 2016, cumulative shares repurchased totaled 1,898,261 shares at an average purchase price per share of $15.56. The repurchased shares are presented as common stock held in treasury, at cost, on the consolidated balance sheets.

Contractual Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2016:

	Payments Due by Period				
	Total	2017	2018-2019	2020-2021	Thereafter
			(In millions)		
Long-term debt	$ 1,844.8	13.1	26.2	1,205.5	600.0
Interest on long-term debt (1)	494.1	91.4	181.5	176.9	44.3
Capital lease obligations (2)	78.8	3.9	8.1	8.5	58.3
Operating lease obligations	67.6	11.3	17.2	12.4	26.7
Capital expenditure purchase obligations	90.4	88.5	1.9	—	—
Other purchase obligations	30.9	30.7	0.2		—
Other long-term liabilities	11.1	9.7	0.7	0.3	0.4
Total (3)	$ 2,617.7	248.6	235.8	1,403.6	729.7

(1) Includes interest on the Term Loan Facility calculated using an average interest rate of 3.75%.
(2) Includes interest totaling $56.0 million.
(3) Due to the high degree of uncertainty regarding the timing of future cash outflows associated with unrecognized tax benefits, we are unable to make a reasonable estimate of the year in which cash settlements may occur with applicable tax authorities. As a result, unrecognized tax benefits of $4.1 million as of December 31, 2016 are not reflected in this contractual obligations table.

Cash Flows

Cash flows from operating, investing and financing activities were as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
		(In millions)	
Cash flows from operating activities	$ 318.6	330.0	305.4
Cash flows from investing activities	(208.2)	(222.7)	(984.9)
Cash flows from financing activities	(62.2)	(86.2)	776.7
Effect of exchange rates	(6.7)	(9.4)	(8.9)
Net increase in cash and cash equivalents	$ 41.5	11.7	88.3

Cash Flows From Operating Activities

Cash flows from operating activities were a net inflow of $318.6 million for the year ended December 31, 2016, $330.0 million for the year ended December 31, 2015, and $305.4 million for the year ended December 31, 2014. For the year ended December 31, 2016, cash flows from operating activities reflected results of operations exclusive of non-cash income and expenses, primarily depreciation and amortization, deferred income taxes, and stock-based compensation, less gains on foreign currency transactions, offset by a decrease in working capital. For the year ended December 31, 2015, cash flows from operating activities reflected results of operations exclusive of non-cash income and expenses, primarily depreciation and amortization, deferred income taxes, and stock-based compensation, less gains on foreign currency transactions and an increase in working capital. For the year ended December 31, 2014, cash flows from operating activities reflected results of operations exclusive of non-cash income and expenses, primarily depreciation and amortization, deferred income taxes, losses on debt extinguishments, stock-based compensation, and goodwill impairment, less gains on foreign currency transactions and an increase in working capital.

Cash Flows From Investing Activities

Cash flows from investing activities were net outflows of $208.2 million, $222.7 million, and $984.9 million for the years ended December 31, 2016, 2015, 2014, respectively. For the year ended December 31, 2016, cash flows from investing activities primarily reflected capital expenditures and the consideration paid for the Brillion Acquisition. For the year ended December 31, 2015, cash flows from investing activities primarily reflected capital expenditures. For the year ended December 31, 2014, cash flows from investing activities primarily reflected consideration paid for the Grede Transaction, $829.7 million, and capital expenditures.

Cash Flows From Financing Activities

Cash flows from financing activities were a net outflow of $62.2 million for the year ended December 31, 2016, $86.2 million for the year ended December 31, 2015, and a net inflow of $776.7 million for the year ended December 31, 2014. For the year ended December 31, 2016, cash flows from financing activities primarily reflected purchases of treasury stock of $29.5 million, cash dividend payments of $25.1 million, and $14.6 million of net debt repayments, partially offset by net cash inflows from stock-based compensation activity. For the year ended December 31, 2015, cash flows from financing activities primarily reflected the issuance of long-term debt totaling $1,326.6 million, long-term debt repayments totaling $1,391.8 million, and dividends paid to common stockholders totaling $18.2 million. Total proceeds from long-term debt include $1,072.6 million from the USD Term Loan and $254.1 million from the Euro Term Loan, both used to fund the repayment and refinancing of the Term Loan Facility. Total long-term debt repayments include $1,326.6 million to fully repay the Term Loan Facility, $45.0 million in voluntary prepayments on the USD Term Loan, and $10.0 million in voluntary prepayments on the previous Term Loan Facility, in addition to $10.2 million in scheduled term loan repayments. For the year ended December 31, 2014, cash flows from financing activities primarily reflected the issuance of long-term debt totaling $2,658.3 million and $260.5 million in capital contributions, partially offset by repayments of long-term debt totaling $1,952.0 million, dividend payments to the stockholders of HHI totaling $111.3 million, payments of debt issuance costs totaling $45.4 million, and net repayments of short-term debt totaling $18.6 million. Total long term debt proceeds included a $115.0 million term loan, primarily used to fund dividends to the stockholders of HHI, a $600 million term loan, primarily used to fund the Grede Transaction, and $1,943.3 million from the Term Loan Facility and Senior Notes primarily used to repay the existing debts of Metaldyne, HHI, and Grede. In addition to The Refinancing, total long-term debt repayments also reflected a $10 million prepayment of principal on the Term Loan Facility. The capital contributions of $260.5 million were primarily used to fund the Grede Transaction.

Critical Accoun ting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Our actual results may differ from these estimates. The accounting policies that we believe to be the most critical to an understanding of our financial condition and results of operations and that require the most complex and subjective management judgments are discussed below.

Goodwill

Goodwill is evaluated for impairment annually or more often if a triggering even occurs between annual tests. The annual tests are performed in the fourth quarter.

For each reporting unit to which goodwill has been assigned, the evaluation for impairment entails a quantitative analysis of the fair value of the reporting unit compared to the carrying value of the reporting unit or the Company may opt to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount prior to performing the quantitative assessment.

Determination of our reporting units, impairment indicators and fair value requires us to make significant judgments and estimates, including the extent and timing of future cash flows. As part of the determination of future cash flows, we need to make assumptions on future general economic conditions, business projections, growth rates and discount rates. These assumptions are subject to a considerable degree of uncertainty and different assumptions could materially affect our conclusions on this matter. During 2016, we performed our annual evaluations as of the fourth quarter. See Note 9 of the notes to the consolidated financial statements contained within “Item 8. Financial Statements and Supplementary Data.”

Long-lived Assets

Long-lived assets other than goodwill are evaluated for impairment if adverse events or changes in circumstances indicate the assets are potentially impaired. For each asset group affected by such impairment indicators, the recoverability of the carrying value of that asset group is determined by comparing the forecasted undiscounted cash flows related to that asset group to the asset group’s carrying value.

Determination of our asset groups, impairment indicators and future cash flows requires us to make significant judgments and estimates. As part of the determination of future cash flows, we need to make assumptions on future general economic conditions, business projections, growth rates and discount rates. These assumptions are subject to a considerable degree of uncertainty. In June 2015, the Company announced plans to close its Berlin, Wisconsin facility included within the Grede segment. The closure, which is primarily a result of the industrial market slowdown, was completed in fiscal 2015. The Company recorded a $4.0 million asset impairment charge within *cost of sales* in conjunction with this announcement. In May 2016, the Company announced plans to close its Bessemer, Alabama facility included within the Grede segment. The closure, which is primarily due to declines in heavy truck and industrial equipment markets, was completed in fiscal 2016. The Company recorded a $2.3 million asset impairment charge within *cost of sales* in conjunction with this announcement.

Stock-based Compensation

Stock-based compensation awards to employees and members of our board of directors are accounted for based upon their grant date fair value and recognized as expense over the requisite service period..

The following table sets forth the weighted average inputs used to value the MPG stock options converted and granted in 2016 using the Black-Scholes Pricing Model:

	Granted Options
Weighted-average per share fair market value of the underlying stock (1)	$ 15.46
Weighted-average exercise price	15.46
Expected term of the option (2)	6 years
Annual risk-free interest rate over the option's expected term (3)	1.4%
Expected annual dividend yield on the underlying stock over the option's expected term (4)	2.3%
Expected stock price volatility over the option's expected term (5)	47.0%
Grant-date fair value	$ 5.59

(1) Based on the underlying market price of MPG common stock on the grant date.
(2) Determined based on the assumption that the employee will exercise options evenly over the period when the options are vested, ending on the date when the options would expire.
(3) Based on U.S. Treasury yield curves. If a security matching the expected term of the option was not available, a blended rate was derived from the yield curve of securities with similar terms.
(4) Based on our current dividend policy and the underlying market price of MPG common stock on the grant date.
(5) Based on historical volatility of comparable companies within our industry.

Income Taxes

In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. We evaluate the carrying value of our deferred tax assets considering all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

In addition, the calculation of our tax benefits and liabilities includes uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether, and the extent to which, additional taxes will be due. We adjust these liabilities based on changing facts and circumstances; however, due to the complexity of some of these uncertainties and the impact of any tax audits, the ultimate resolutions may be materially different from our estimated liabilities. For further information related to income taxes, See Note 17 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

Pension Benefits

We have obligations for retiree benefits for certain employees under defined benefit pension plans. For a description of these plans, See Note 18 of the notes to the consolidated financial statements contained within "Item 8. Financial Statements and Supplementary Data."

We use actuarial estimated and related actuarial methods to calculate our obligation and expense. We are required to select certain actuarial assumptions, which are determined based on current market conditions, historical information and consultation with and input from our actuaries and asset managers. The key factors which impact our estimates are discount rates, asset return assumptions, compensation increase assumptions and actuarial assumptions such as retirement age and mortality which are determined as of the current year measurement date. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. These estimates and assumptions are subject to a considerable degree of uncertainty.

For the defined benefit pension plans, the obligation as of December 31, 2016 was determined using an assumed discount rate of 3.94% for the U.S. Plans and 2.53% for Non-U.S. plans. Pension costs for 2016 were determined using a discount rate of 4.10% for the U.S. Plans and 3.46% for the Non-U.S. plans and long-term asset return assumption of 7.25% for the U.S. Plans and 6.34% for the Non-U.S. plans. The following table presents the sensitivity of the obligation and expen se to a hypothetical change in the discount rate assumptions:

	25 Basis Point Increase		25 Basis Point Decrease	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
	(In millions)			
Resulting change in obligation	$ (1.1)	(2.2)	1.1	2.3
Resulting change in 2017 cost	*	(0.1)	*	0.1

* Increase/decrease is less than $0.1 million.

A hypothetical 50 basis point decrease in the asset return assumption would increase the annual cost of benefits by $0.3 million.

Recently Issued Accounting Pronouncements

See Note 4 of the notes to the consolidated financial statements contained within “Item 8. Financial Statements and Supplementary Data.”

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices for products we use in our manufacturing and sellable scrap we generate from manufacturing. To reduce our exposure to these risks, we maintain risk management controls to monitor these risks and take appropriate actions to attempt to mitigate such forms of market risks. We do not hold financial instruments for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

As a result of our global operations, we generate a significant portion of our sales and incur a substantial portion of our expenses in currencies other than the U.S. dollar. To the extent that we have significantly more costs than sales generated in a currency other than the U.S. dollar, we are subject to risk if the currency in which our costs are paid appreciates against the currency in which we generate sales because the appreciation effectively increases our cost in that country. We may selectively employ derivative instruments to reduce our foreign currency exchange risk. As of December 31, 2016, we had no material derivative instruments in place.

The financial condition, results of operations and cash flows of some of our operating entities are reported in currencies other than the U.S. dollar and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. As a result, appreciation of the U.S. dollar against these other currencies generally will have a negative impact on our reported sales and profits while depreciation of the U.S. dollar against these other currencies will generally have a positive effect on reported sales and profits. Our primary exposure is to fluctuations in the Euro exchange rate, and we also have exposure to fluctuations in other currency exchange rates, including the Mexican Peso, Korean Won and Chinese Renminbi.

The following table sets forth a sensitivity analysis of the effect a hypothetical change in the Euro to U.S. dollar exchange rate would have on our net sales for the year ended December 31, 2016:

Change in exchange rate:	10% increase in Euro to U.S. dollar exchange rate	10% decrease in Euro to U.S. dollar exchange rate
	(In millions)	
Resulting change in net sales	$ 28.9	(28.9)

The Euro Term Loan is subject to transaction gains and losses each period. The following table sets forth a sensitivity analysis of the effect a hypothetical change in the Euro to U.S. dollar exchange rate would have on the carrying value of our Euro denominated debt as of December 31, 2016:

Change in exchange rate:	**10% increase in Euro to U.S. dollar exchange rate**	**10% decrease in Euro to U.S. dollar exchange rate**
	(In millions)	
Resulting change in carrying value of Euro denominated debt	$ 23.2	(23.2)

Interest Rate Risk

We are subject to interest rate market risk in connection with our USD Term Loan, Euro Term Loan and Revolving Credit Facility (together our "Credit Facilities"). As of December 31, 2016, our Credit Facilities provided for variable rate borrowings of up to $1,481.6 million including $236.8 million under our Revolving Credit Facilities, net of $13.2 million of letters of credit. The variable interest rates on our Term Loan Facility are subject to LIBOR and Euribor floors of 1.00%. Our Revolving Credit Facility bears interest at a variable rate based on LIBOR or a base rate plus an applicable margin. As of December 31, 2016, the benchmark Euribor rate was negative, and therefore an assumed 25 basis point change in interest rates would have no impact on our annual interest expense from our Euro Term Loan. As of December 31, 2016, the benchmark LIBOR rate was 1.00%. An assumed 25 basis point increase in LIBOR would increase the annual interest expense from our USD Term Loan by $2.5 million. An assumed 25 basis point change in interest rates would change interest expense on our Revolving Credit Facility by $0.6 million if fully drawn and outstanding for the entire year.

Commodity Price Risk

We do not use derivative contracts to manage commodity price risk. We maintain raw material price pass-through arrangements with our customers on substantially all of our products to reduce exposure to raw material price fluctuations. In instances where the risk is not covered contractually, we have generally been able to adjust customer prices to recover commodity cost increases. The salvage value of our manufacturing by-product is also subject to fluctuations in scrap metal prices, which historically have not had a material impact on our results of operations.

I TEM 8. FINANCIAL STATEMEN TS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGIST ERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Metaldyne Performance Group Inc.
Southfield, MI

We have audited the accompanying consolidated balance sheet of Metaldyne Performance Group Inc. and subsidiaries (the "Company") as of December 31, 2016, and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for the year ended December 31, 2016. Our audit also included the financial statement schedule for the year ended December 31, 2016 listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Metaldyne Performance Group Inc. and subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Detroit, MI
March 2, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC A CCOUNTING FIRM

The Board of Directors
Metaldyne Performance Group, Inc.

We have audited the accompanying consolidated balance sheet of Metaldyne Performance Group Inc. and subsidiaries as of December 31, 2015 and the related consolidated statements of operations, comprehensive income, stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II: Valuation and Qualifying Accounts for each of the years in the two-year period ended December 31, 2015. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metaldyne Performance Group, Inc. and subsidiaries as of December 31, 2015 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule for each of the years in the two-year period ended December 31, 2015, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Detroit, Michigan
February 29, 2016, except for the effects of the retrospective application of ASU 2015-03, Interest – Imputation of Interest (Topic 835-30), as disclosed in Note 4, to which the date is March 2, 2017

METALDYNE PERFORMANCE GROUP INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except per share data)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 209.7	168.2
Receivables, net:		
Trade	314.6	309.1
Other	34.8	35.4
Total receivables, net	349.4	344.5
Inventories	168.4	186.8
Prepaid expenses	11.5	15.0
Other assets	52.7	21.5
Total current assets	791.7	736.0
Property and equipment, net	831.6	786.0
Goodwill	907.7	907.7
Amortizable intangible assets, net	639.1	708.9
Deferred income taxes	7.4	1.7
Other assets	13.0	17.3
Total assets	$ 3,190.5	3,157.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 260.5	248.9
Accrued compensation	49.6	55.2
Accrued liabilities	77.1	66.8
Short-term debt	1.0	0.7
Current maturities, long-term debt and capital lease obligations	13.2	14.5
Total current liabilities	401.4	386.1
Long-term debt, less current maturities	1,809.2	1,827.1
Capital lease obligations, less current maturities	22.7	22.5
Deferred income taxes	223.7	231.3
Other long-term liabilities	54.3	51.6
Total liabilities	2,511.3	2,518.6
Stockholders' equity:		
Common Stock: par value of $0.001 per share, 400 authorized, and 67.6 and 67.9 issued and outstanding, respectively	0.1	0.1
Common stock held in treasury, at cost: 1.9 and zero shares, respectively	(29.5)	—
Paid-in capital	880.7	856.2
Accumulated deficit	(92.0)	(162.9)
Accumulated other comprehensive loss	(83.5)	(57.3)
Total equity attributable to stockholders	675.8	636.1
Noncontrolling interest	3.4	2.9
Total stockholders' equity	679.2	639.0
Total liabilities and stockholders' equity	$ 3,190.5	3,157.6

See accompanying notes to consolidated financial statements.

METALDYNE PERFORMANCE GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net sales	$ 2,790.7	3,047.3	2,717.0
Cost of sales	2,321.5	2,531.3	2,294.1
Gross profit	469.2	516.0	422.9
Selling, general and administrative expenses	242.3	249.6	194.6
Acquisition costs	—	—	13.0
Goodwill impairment	—	—	11.8
Operating profit	226.9	266.4	203.5
Interest expense, net	103.5	107.5	99.9
Loss on debt extinguishment	—	0.4	60.7
Other, net	(11.9)	(15.4)	(11.3)
Other expense, net	91.6	92.5	149.3
Income before tax	135.3	173.9	54.2
Income tax expense (benefit)	38.4	48.1	(19.1)
Net income	96.9	125.8	73.3
Income attributable to noncontrolling interest	0.6	0.4	0.4
Net income attributable to stockholders	$ 96.3	125.4	72.9
Basic weighted average shares outstanding	67.5	67.3	67.1
Diluted weighted average shares outstanding	69.3	69.7	68.5
Net income per share attributable to stockholders			
Basic	$ 1.43	1.86	1.09
Diluted	1.39	1.80	1.06

See accompanying notes to consolidated financial statements.

METALDYNE PERFORMANCE GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income	$ 96.9	125.8	73.3
Other comprehensive loss, net of tax:			
Foreign currency translation	(21.7)	(24.3)	(23.9)
Net actuarial gain (loss) on defined benefit plans (net of tax of $1.4, $(0.5), and $1.6, respectively)	(4.8)	1.8	(8.0)
Losses on defined benefit plans recognized in net income	0.2	0.4	—
Other comprehensive loss, net of tax	(26.3)	(22.1)	(31.9)
Comprehensive income	70.6	103.7	41.4
Less comprehensive income attributable to noncontrolling interest	0.5	0.4	0.4
Comprehensive income attributable to stockholders	$ 70.1	103.3	41.0

See accompanying notes to consolidated financial statements.

METALDYNE PERFORMANCE GROUP INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions)

	Common stock	Common stock held in treasury	Paid-in capital	Accumulated Deficit	Accumulated other comprehensive loss	Noncontrolling interest	Total stockholders' equity
Balance, December 31, 2013	$ 0.1	—	557.5	(231.4)	(3.3)	2.1	325.0
Recognition of the Grede Transaction			258.6				258.6
Pre-combination issuance of Grede membership interests			1.9				1.9
Dividends				(111.3)			(111.3)
Other			(2.4)				(2.4)
Stock-based compensation expense			17.3				17.3
Offering related costs			(5.6)				(5.6)
Net income				72.9		0.4	73.3
Other comprehensive loss					(31.9)		(31.9)
Balance, December 31, 2014	$ 0.1	—	827.3	(269.8)	(35.2)	2.5	524.9
Dividends				(18.5)			(18.5)
Stock-based compensation expense			27.7				27.7
Cash settlement of equity awards			(3.6)				(3.6)
Issuance of common stock			3.0				3.0
Excess tax benefit on stock-based compensation			1.9				1.9
Offering related costs			(0.1)				(0.1)
Net income				125.4		0.4	125.8
Other comprehensive loss					(22.1)		(22.1)
Balance, December 31, 2015	$ 0.1	—	856.2	(162.9)	(57.3)	2.9	639.0
Dividends				(25.4)			(25.4)
Stock-based compensation expense			17.5				17.5
Cash settlement of equity awards			(4.9)				(4.9)
Issuance of common stock			9.3				9.3
Purchase of treasury stock		(29.5)					(29.5)
Excess tax benefit on stock-based compensation			2.6				2.6
Net income				96.3		0.6	96.9
Other comprehensive loss					(26.2)	(0.1)	(26.3)
Balance, December 31, 2016	$ 0.1	(29.5)	880.7	(92.0)	(83.5)	3.4	679.2

See accompanying notes to consolidated financial statements.

METALDYNE PERFORMANCE GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash flows from operating activities:			
Net income	$ 96.9	125.8	73.3
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	221.3	229.8	210.8
Debt fee amortization	3.4	3.2	6.3
Loss on debt extinguishment	—	0.4	60.7
Goodwill impairment	—	—	11.8
Loss on fixed asset dispositions	5.3	2.8	2.1
Deferred income taxes	(12.5)	(14.8)	(88.4)
Recognition of deferred revenue	—	(0.8)	(0.9)
Noncash interest expense	1.1	1.1	0.9
Stock-based compensation expense	17.5	27.7	17.3
Foreign currency adjustment	(10.2)	(11.2)	(12.7)
Other	1.7	6.3	3.8
Changes in assets and liabilities:			
Receivables, net	(2.7)	(5.8)	20.2
Inventories	17.0	12.0	(15.6)
Prepaid expenses and other assets	(27.1)	(10.3)	(1.0)
Accounts payable, accrued liabilities and accrued compensation	7.1	(28.5)	22.6
Long-term assets and liabilities, other	(0.2)	(7.7)	(5.8)
Net cash provided by operating activities	318.6	330.0	305.4
Cash flows from investing activities:			
Capital expenditures	(194.5)	(226.3)	(156.4)
Proceeds from sale of fixed assets	0.5	4.0	1.4
Capitalized patent costs	(0.2)	(0.4)	(0.2)
Acquisition of business, net of cash acquired	(14.0)	—	(829.7)
Net cash used for investing activities	(208.2)	(222.7)	(984.9)
Cash flows from financing activities:			
Cash dividends	(25.1)	(18.2)	(111.3)
Other stock activity	—	—	(2.4)
Purchases of treasury stock	(29.5)	—	—
Proceeds from stock issuance	9.3	3.0	260.5
Excess tax benefit on stock-based compensation	2.6	1.9	—
Cash settlement of equity awards	(4.9)	(3.6)	—
Borrowings of short-term debt	—	14.3	388.8
Repayments of short-term debt	—	(14.6)	(407.4)
Proceeds of long-term debt	—	1,326.6	2,658.3
Principal payments of long-term debt	(13.2)	(1,391.8)	(1,952.0)
Payment of debt issue costs	—	(0.1)	(45.4)
Proceeds of other debt	1.1	1.4	0.9
Principal payments of other debt	(2.5)	(5.0)	(7.7)
Payment of offering related costs	—	(0.1)	(5.6)
Net cash provided by (used for) financing activities	(62.2)	(86.2)	776.7
Effect of exchange rates	(6.7)	(9.4)	(8.9)
Net increase in cash and cash equivalents	$ 41.5	11.7	88.3
Cash and cash equivalents:			
Cash and cash equivalents, beginning of year	$ 168.2	156.5	68.2
Net increase in cash and cash equivalents	41.5	11.7	88.3
Cash and cash equivalents, end of year	$ 209.7	168.2	156.5
Supplementary cash flow information:			
Cash paid for income taxes, net	$ 59.4	67.6	63.9
Cash paid for interest	99.4	102.6	74.6
Noncash transactions:			
Capital expenditures in accounts payables	31.8	29.5	36.2
Dividends on restricted stock awards, not yet paid	0.6	0.3	—

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of the Business

Metaldyne Performance Group Inc. is a leading provider of components for use in engine, transmission and driveline ("Powertrain") and chassis, suspension, steering and brake component ("Safety-Critical") Platforms for the global light, commercial and industrial vehicle markets. We produce these components using complex metal-forming manufacturing technologies and processes for a global customer base of vehicle original equipment manufacturers ("OEMs") and tier I suppliers ("Tier I suppliers"). Our components help OEMs meet fuel economy, performance and safety standards. Our metal-forming manufacturing technologies and processes include aluminum casting ("Aluminum Die Casting"), cold, warm or hot forging ("Forging"), iron casting ("Iron Casting"), and powder metal forming ("Powder Metal Forming"), as well as value-added precision machining and assembly ("Advanced Machining and Assembly"). These technologies and processes are used to create a wide range of customized Powertrain and Safety-Critical components that address requirements for power density (increased component strength to weight ratio), power generation, power / torque transfer, strength and Noise, Vibration and Harshness ("NVH"). Metaldyne Performance Group Inc. is organized and operated as three operating segments: the HHI segment, the Metaldyne segment and the Grede segment.

(2) Basis of Presentation and Consolidation

Basis of Presentation

Metaldyne Performance Group Inc. was formed through the reorganization of ASP HHI Holdings, Inc. (together with its subsidiaries, "HHI"), ASP MD Holdings, Inc. (together with its subsidiaries, "Metaldyne") and ASP Grede Intermediate Holdings LLC (together with its subsidiaries, "Grede") on August 4, 2014 (the "Combination"). The Combination occurred through mergers with three separate wholly owned merger subsidiaries of Metaldyne Performance Group Inc. ("MPG," the "Company," "we," "our" and "us" and similar terms refer to Metaldyne Performance Group Inc. and all of its subsidiaries, including HHI, Metaldyne and Grede). In connection with the Combination, 13.4 million shares of MPG common stock were issued in exchange for the outstanding shares of HHI, Metaldyne and Grede. On November 18, 2014, the outstanding shares of MPG common stock were split at a 5-to-1 ratio (the "Stock Split"). After the Stock Split, 67.1 million shares were outstanding. The number of authorized shares was increased to 400.0 million.

Consolidation

The Combination has been accounted for as a reorganization of entities under common control in a manner similar to a pooling of interests, that is, the bases of accounting of HHI, Metaldyne and Grede were carried over to MPG. These financial statements reflect the retrospective application of the MPG capital structure and the Stock Split for all periods presented.

All intercompany balances and transactions have been eliminated in consolidation.

(3) Significant Accounting Policies

The financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") within the FASB Accounting Standards Codification.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Use of significant estimates and judgments are inherent in the accounting for acquisitions, stock-based compensation, income taxes and employee benefit plans, as well as in the testing of goodwill and long-lived assets for potential impairment. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Revenue Recognition

Revenue is recognized when there is evidence of a sale, delivery has occurred or services have been rendered, the sales price is fixed or determinable and the collectability of receivables is reasonably assured. The Company has ongoing adjustments to its pricing arrangements with customers based on the related content and cost of its products. These adjustments are accrued as products are shipped to customers. Such pricing accruals are adjusted periodically and as they are settled with the customers. The Company has agreements allowing the pass-through of changes in the prices of raw materials referred to as material surcharges. Material surcharges are recognized as revenue when an agreement is reached, delivery of the goods has occurred and the amount of the material surcharge is determinable.

Cash and Cash Equivalents

All highly liquid investments with an initial maturity of three months or less are considered to be cash and cash equivalents. A cash pooling strategy is in place with certain foreign operations. Checks issued but not presented to banks may result in book overdraft balances for accounting purposes and such book overdrafts are classified within *accounts payable* and the change as a component of operating cash flows.

Receivables

Accounts receivable are stated at amounts estimated by management to be the net realizable value. An allowance for doubtful accounts is recorded when it is probable that amounts will not be collected based on specific identification of customer circumstances, age of the receivable and other pertinent information. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Valuation allowances for doubtful accounts, pricing accruals and anticipated customer deductions and returns are recorded based upon current information.

Agreements are in place with international factoring companies to sell customer accounts receivable from locations in France, Germany, the Czech Republic, and the United Kingdom (“U.K.”) on a nonrecourse basis. The Company collects payment and remits such collections to the factoring companies for a portion of the sold receivables. The Company has no continuing involvement with all sold receivables. A commission is paid to the factoring company plus interest calculated from the date the receivables are sold to either the customer’s due date or a specified number of days thereafter or until the receivable is deemed uncollectible.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method and includes the cost of materials, direct labor and the applicable share of manufacturing overhead. To the extent management determines it is holding excess or obsolete inventory, the inventory is written down to its net realizable value.

Pre-production Costs on Long-term Supply Arrangements

Pre-production engineering, research and development costs related to products made for customers under long-term supply agreements are expensed as incurred. Pre-production tooling costs related to products made for customers under long-term supply agreements are expensed when reimbursement is not contractually guaranteed by the customer or where the customer has not provided a noncancelable right to use the tooling.

Long-lived assets

Long-lived assets other than goodwill are evaluated for impairment if adverse events or changes in circumstances indicate it is more likely than not that the assets are impaired. For each asset group affected by such impairment indicators, the recoverability of the carrying value of that asset group is determined by comparing the forecasted undiscounted cash flows related to that asset group to the asset group’s carrying value.

Property and equipment, net: Property and equipment additions, including significant improvements, are recorded at cost, less accumulated depreciation. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in cost of sales. Repair and maintenance costs are charged to expense as incurred.

Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets. Assets held under capital lease are included in *property and equipment, net* and the depreciation of these assets is included in accumulated depreciation. Capital lease assets are depreciated over the lesser of the lease term or their useful lives.

Amortizable intangible assets, net: The useful lives of intangible assets are determined based on consideration of multiple factors including the Company's expected use of the assets, the expected useful life of related assets and other external factors that may limit the useful life. Amortization is provided for using the stra ight-line method over the estimated useful lives for intangible assets with definite useful lives.

Goodwill Impairment Testing

Goodwill is evaluated for impairment annually or more often if a triggering event occurs between annual tests. The annual tests are performed in the fourth quarter.

For each reporting unit to which goodwill has been assigned, the evaluation for impairment entails a quantitative analysis of the fair value of the reporting unit compared to the carrying value of the reporting unit. The Company may opt to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount prior to performing the quantitative assessment.

Foreign Currency Translation

The financial statements of foreign subsidiaries are translated to U.S. dollars at end-of-period exchange rates for assets and liabilities and an average monthly exchange rate for revenues and expenses. Translation adjustments are recorded as a component of *accumulated other comprehensive loss* within equity. Transaction gains and losses arising from fluctuations in foreign currency exchange rates on transactions denominated in currencies other than a subsidiary's functional currency are recognized in *other expense, net* .

Stock-based Compensation

Stock-based compensation is measured based on the grant-date fair value of the award, and is recognized as expense over the requisite service period. To measure compensation cost of stock options, we determined fair value using a Black-Scholes pricing model. To measure compensation cost of restricted stock awards, we use the market value of the Company's common stock as of the grant date.

Employee Benefit Plans

Annual net periodic benefit expense and benefit liabilities under defined benefit pension plans and statutory retirement benefits are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Pensions and other postretirement employee benefit costs and related liabilities and assets are dependent upon assumptions used in calculating such amounts. These assumptions include discount rates, expected returns on plan assets, health care cost trends, compensation and other factors. Each year end, actual experience is compared to the more significant assumptions used and the assumptions are adjusted, if warranted. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high quality fixed income investments. Certain pension benefits are funded through investments held with trustees and the expected long-term rate of return on fund assets is based on actual historical returns modified for known changes in the market and any expected change in investment policy. Actual results that differ from the assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense in future periods.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The effect of income tax positions are recognized only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense.

Noncontrolling Interests

The accumulated amount of noncontrolling interests is classified in the consolidated balance sheets as a component of total stockholders' equity and noncontrolling interests are reflected in the consolidated statements of comprehensive income and stockholders' equity.

Fair Value Measurements

The fair values of assets and liabilities disclosed are categorized based on a fair value hierarchy giving the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the fair value hierarchy are described as follows:

Level 1	Financial assets and liabilities whose values are based on quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
Level 2	Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
Level 3	Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(4) Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance, as agreed to by the FASB, is effective for the interim and annual periods beginning on or after December 15, 2017. Early adoption is permitted on January 1, 2017. The guidance permits the use of either a retrospective or cumulative effect transition method. We have not yet selected a transition method and are currently evaluating the impact of the guidance on the consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest (Topic 835-30). This guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This guidance is effective for fiscal years and interim periods beginning after December 15, 2015, and requires retrospective application. We adopted this guidance as of April 3, 2016, using retrospective application. Upon adoption of this guidance, the debt and total assets presented on our consolidated balance sheet were reduced by net debt issuance costs, which totaled $19.6 million as of December 31, 2015.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes (Subtopic 740-10). ASU 2015-17 simplifies the presentation of deferred income taxes by eliminating the requirement for companies to present deferred tax liabilities and assets as current and non-current on the Consolidated Balance Sheets. Instead, companies will be required to classify all deferred tax assets and liabilities as non-current. This guidance is effective for annual and interim periods beginning after December 15, 2016 and early adoption is permitted. We elected to early adopt ASU 2015-17 prospectively, on December 31, 2015. The adoption of ASU 2015-17 did not have a material impact on our consolidated financial position, and had no impact on our results of operations or cash flows. No prior periods were retrospectively adjusted.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The primary focus of the standard addresses the accounting of lessees. It requires all lessees to recognize a right-of-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short-term lease) on the balance sheet. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. Operating leases will result in straight-line expense while finance leases will result in depreciation expense recorded on the right-of-use asset and interest expense recorded on the lease liability. Quantitative and qualitative disclosures are required to provide insight into the extent of revenue and expense recognized and expected to be recognized from leasing arrangements. This guidance becomes effective January 1, 2019. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In March 2016 , the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718). This guidance updates several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Specific changes include that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit in the income statement. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity would also recognize excess tax benefits regardless of whether the bene fit reduces taxes payable in the current period. Excess tax benefits would be classified along with other income tax cash flows as an operating activity in the consolidated statement of cash flows. Also, an entity can make an accounting policy election to either estimate the number of awards that are expected to vest (current GAAP) or account for forfeitures when they occur. This ASU also amends guidance for the calculation of earnings per share under the treasury stock method by removing excess tax benefit s as an assumed proceed from the exercise of options. This guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. We did not early adopt this guidance and are currently evaluating the impact on the consolidated financial statements.

(5) Acquisitions

Brillion Transaction

On September 2, 2016, the Grede segment acquired 100% of the equity of Brillion Iron Works, Inc. (“Brillion”) from its parent company Accuride Corporation (NYSE: ACW). Brillion was a reportable segment for Accuride Corporation and consists of a foundry located in Brillion, Wisconsin, (the “Brillion Facility”) which supplies castings to the industrial machinery, construction, agricultural equipment and oil and gas markets, including flywheels, pump housings, valve body housings, small engine components, and other industrial components.

The purchase price for the acquisition was $14.0 million of cash consideration. Under the acquisition method of accounting, all assets acquired and liabilities assumed were recorded in the consolidated financial statements at estimated fair value. The allocation of purchase price paid resulted in receivables of $8.1 million, inventory of $3.8 million, property, plant, and equipment of $15.9 million, assumed liabilities of $12.8 million, and a gain on bargain purchase of $1.0 million. The $1.0 million gain on bargain purchase is recorded within other, net on the consolidated statement of operations for the year ended December 31, 2016.

On September 12, 2016, the Company announced its plan to close the Brillion Facility and to consolidate substantially all of Brillion’s business into Grede’s existing locations. As of December 31, 2016, the Brillion Facility had ceased operations.

Grede Transaction

On June 2, 2014 (the “Acquisition Date”), a subsidiary of American Securities, ASP Grede Intermediate Holdings LLC (together with its subsidiaries, “Grede”), purchased 97.1% of the membership interests in Grede Holdings LLC (the “Grede Transaction”). Management and outside investors purchased the remaining membership interests. Upon completion of the Combination, 100% of Grede was owned by the Company.

Purchase Accounting

The Grede Transaction was a cash purchase and was accounted for under the acquisition method. The accounting for the acquisition has been pushed-down to the financial statements of the Company. All assets acquired and liabilities assumed were recorded in the consolidated financial statements at estimated fair value.

The purchase price for the acquisition, net of cash and cash equivalents, was $829.7 million. The acquisition was funded by cash from capital contributions ($251.1 million from affiliates of American Securities, $6.5 million from certain members of the Grede management team and $1.0 million from outside investors) and the issuance of term loan debt.

The Grede Transaction was recorded, as revised for u pdated valuation information, in the accounts of the Company as follows:

	June 2, 2014 (In millions)
Fair value of consideration	$ 829.7
Assets acquired:	
Receivables	120.2
Inventories	40.1
Prepaid expenses and other current assets	11.4
Property and equipment	208.5
Amortizable intangible assets	369.1
Other assets	9.1
Total assets acquired	758.4
Liabilities assumed:	
Accounts payable	94.7
Accrued liabilities	25.7
Deferred tax liabilities	47.5
Short-term debt	1.7
Other long-term liabilities	20.7
Total liabilities assumed	190.3
Net identifiable assets acquired, net of cash and cash equivalents	568.1
Goodwill	$ 261.6

The valuation method used to estimate the fair value of assets acquired and liabilities assumed entailed a cost approach, a market approach, an income approach or a combination of those approaches based on the nature of the asset or liability being valued. The estimated value of property and equipment was determined using a cost approach, relying on estimated replacement costs. Within amortizable intangible assets, customer relationships and platforms were valued using an income approach, relying on estimated multi-period excess earnings attributable to the relationship or platform.

Goodwill recognized was primarily attributable to potential operational synergies related to overhead cost reductions and the assembled workforce. None of the goodwill recognized is expected to be deductible for tax purposes.

Additional details of the assets recognized were as follows:

	June 2, 2014 (In millions)
Inventories	
Raw materials	$ 11.9
Work in process	12.6
Finished goods	15.6
Total inventories	$ 40.1

	June 2, 2014 (In millions)	Estimated Useful Lives (In years)
Property and equipment		
Land	$ 12.2	—
Buildings	31.8	5 – 29
Machinery and equipment	148.8	1 – 20
Assets not yet placed in service	15.7	—
Total property and equipment	$ 208.5	

	June 2, 2014 (In millions)	Amortization Period (In years)
Amortizable intangible assets		
Customer relationships and platforms	$ 338.7	10
Other: trade names	30.4	15
Total amortizable intangible assets	$ 369.1	

The estimated fair value of inventories was $4.4 million higher than the carrying value at the time of the acquisition. The entire amount of this step-up in value was expensed in cost of sales during 2014 based on an analysis of Grede's inventory turns.

Grede has estimated a remaining useful life of 10 years for the customer relationships and platforms due to the strong and longstanding relationships with our customers, which include many of the leading global OEMs and Tier 1 Suppliers. Grede has estimated a remaining useful life of 15 years for the trade names based on the nature of the industry, the length of time it has been in business and the relative strength of the name in the marketplace.

Included within *other long-term liabilities* are obligations for noncontributory defined benefit plans maintained by Grede for certain employees covered by collective bargaining agreements. The obligations for these plans were measured as of the acquisition date.

The funded status as of the Acquisition Date was as follows:

	June 2, 2014 (In millions)
Projected benefit obligation	$ 33.9
Fair value of plan assets	27.6
Funded Status	$ (6.3)

A weighted average discount rate of 4.04% was used to determine the projected benefit obligation. The rate of compensation increase is not applicable due to the fact that the plans' benefits are based on credited years of service. The plans' assets are composed primarily of pooled separate accounts in which the underlying securities are primarily publicly traded domestic equities and government debt securities. The amount of Grede revenues and earnings included in the consolidated statements of operations subsequent to the Grede Transaction was as follows:

	2016	2015	2014
		(In millions)	
Revenues: Net sales	$ 787.3	906.8	572.1
Earnings: Income (loss) before tax	17.9	43.3	(19.2)

Grede Transaction-related expenses incurred in 2014 were $13.0 million, which were recorded within *acquisition costs* , of which $8.3 million was paid to related parties.

Supplemental Pro Forma Information (Unaudited)

The following table presents the revenues and earnings of MPG on a pro forma basis as if the Grede Transaction had occurred on January 1, 2013:

	Pro Forma 2014	2013
	(In millions)	
Revenues: Net sales	$ 3,144.0	3,052.9
Earnings: Income before tax	93.3	103.4

These results do not purport to be indicative of the results of operations which actually would have resulted had the Grede Transaction occurred on January 1, 2013, or of the future results of operations of the Company.

(6) Receivables

Receivables as of December 31 were stated net of the following allowances:

	2016	2015
	(In millions)	
Doubtful accounts	$ 1.7	1.5
Pricing accruals and anticipated customer deductions	5.1	8.1
Returns	2.3	1.9
	$ 9.1	11.5

Receivables available for sale and sold under agreements with international factoring companies as of December 31 were as follows:

	2016	2015
	(In millions)	
Available for sale	$ 44.3	47.3
Sold	36.5	37.7

(7) Inventories

Inventories as of December 31 were as follows:

	2016	2015
	(In millions)	
Raw materials	$ 50.7	57.3
Work in process	62.5	66.3
Finished goods	55.2	63.2
Total inventories	$ 168.4	186.8

(8) Property and Equipment

The carrying amount, accumulated depreciation and useful lives of property and equipment as of December 31 were as follows:

	Estimated Useful Lives	2016	2015
		(In millions)	
Land and land improvements	1 - 30	$ 28.5	26.8
Buildings and improvements	1 - 30	127.7	103.7
Machinery and equipment	1 - 20	1,084.8	930.1
Assets not yet placed in service		144.6	145.0
		1,385.6	1,205.6
Accumulated depreciation		(554.0)	(419.6)
Property and equipment, net		$ 831.6	786.0

Property and equipment are depreciated on a straight-line basis. Depreciation expense was $151.4 million for 2016 $159.4 million for 2015, and $155.0 million for 2014.

Included in property and equipment are gross carrying values for assets under capital lease of $2.7 million and $13.8 mllion as of December 31, 2016 and 2015, respectively; related accumulated depreciation was $0.6 million and $9.0 million as of December 31, 2016 and 2015, respectively.

In June 2015, the Company announced plans to close its Berlin, Wisconsin facility included within the Grede segment.   In conjunction with this announcement, the Company recorded a $4.0 million asset impairment charge within *cost of sales* to reduce the carrying value of Berlin's assets to their estimated fair value based on level 3 valuation inputs. The closure, which is primarily a result of the industrial market slowdown, was completed in fiscal 2015.

In May 2016, the Company announced plans to close its Bessemer, Alabama facility included within the Grede segment. The closure, which is primarily due to declines in heavy truck and industrial equipment markets, was completed in fiscal 2016. In conjunction with this announcement, the Company recorded a $2.3 million asset impairment charge within *cost of sales* to reduce the carrying value of Bessemer's assets to their estimated fair value based on level 3 valuation inputs.

(9) Goodwill

The carrying values of goodwill by segment throughout fiscal years ended December 31, 2016 and 2015 were as follows:

	HHI Segment	Metaldyne Segment	Grede Segment	Total
		(In millions)		
Balance December 31, 2013	$ 309.4	348.5	—	657.9
Goodwill resulting from Grede Transaction	—	—	261.6	261.6
Impairment	(11.8)	—	—	(11.8)
Balance December 31, 2014	297.6	348.5	261.6	907.7
Balance December 31, 2015	297.6	348.5	261.6	907.7
Balance December 31, 2016	$ 297.6	348.5	261.6	907.7

In conjunction with our 2014 annual impairment test, the Company concluded that the goodwill assigned to a reportable unit within the HHI segment (the "Unit") was no longer recoverable. The Unit manufactures wheel bearings for a large OEM customer at our facility in Sandusky, Ohio (the "Sandusky facility"). In our assessment of the recoverability of the Unit's goodwill, the Company estimated the fair value of the Unit using an income method based on discounted cash flows, which resulted in a fair value below the carrying value. Key factors impacting a lower fair value included the scheduled attrition of programs for the OEM customer and the expiration of labor subsidies in September 2015. An impairment loss of $11.8 million was recognized in the fourth quarter of 2014, representing the full amount of goodwill assigned to the Unit.

(10) Amortizable Intangible Assets

The carrying amount and accumulated amortization of intangible assets as of December 31 were as follows:

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In millions)	
Customer relationships and platforms	$ 745.2	(197.5)	547.7
Other	126.9	(35.5)	91.4
Total	$ 872.1	(233.0)	639.1

	2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In millions)	
Customer relationships and platforms	$ 745.2	(137.0)	608.2
Other	126.7	(26.0)	100.7
Total	$ 871.9	(163.0)	708.9

Amortization expense was $69.9 million for 2016, $69.9 million for 2015, and $54.8 million for 2014. As of December 31, 2016, the weighted-average amortization period of customer relationships and platforms was 12 years. Other intangible assets primarily consist of patented and unpatented technology, and trade names and trademarks, which have weighted-average amortization periods of 13 and 15 years, respectively.

Estimated amortization expense for the next five years is $69.9 million for 2017, $68.4 million for 2018 and 2019, $68.3 million for 2020, and $68.2 for 2021.

(11) Debt

The carrying value of debt as of December 31 was as follows:

	2016	2015
	(In millions)	
Short-term debt:		
Revolving lines of credit	$ —	—
Other short-term debt	1.0	0.7
Total short-term debt	$ 1.0	0.7
Long-term debt:		
Term loans		
USD Term Loan	1,011.5	1,022.2
Euro Term Loan	233.3	244.1
Registered Notes	600.0	600.0
Other long-term debt (various interest rates)	—	0.4
Total	1,844.8	1,866.7
Current maturities	(13.1)	(13.3)
Unamortized debt issuance costs	(16.9)	(19.6)
Unamortized discount on term loans	(5.6)	(6.7)
Total long-term debt	$ 1,809.2	1,827.1

Credit Facilities

In October 2014, MPG Holdco I Inc., the Company's wholly owned subsidiary ("Holdco") entered into a senior secured credit facility (the "Senior Credit Facilities") consisting of a $1,350.0 million term loan ("Term Loan Facility"), maturing in 2021, and a $250.0 million revolving credit facility ("Revolving Credit Facility"), maturing in 2019.

Interest on the Term Loan Facility accrued at a rate equal to the London Interbank Offered Rate ("LIBOR") rate (bearing a LIBOR floor of 1.00%) plus an applicable margin of 3.25% or a base rate that is the higher of the Federal Funds Rate (plus 0.50%), the U.S. prime rate as published in The Wall Street Journal, or LIBOR (plus 1.00%), plus an applicable margin of 2.25%, at Holdco's option. Prior to the Company's initial public offering on December 12, 2014, the applicable margin was 3.50% for LIBOR rate loans and 2.50% for base rate loans. The interest rate in effect as of December 31, 2014 was 4.25%. The Term Loan Facility was payable in quarterly installments of $3.375 million beginning in March 2015.

On May 8, 2015, the Company amended its Senior Credit Facilities to reduce the applicable interest rate on the Term Loan Facility and to refinance the outstanding balance of the Term Loan Facility with new term loans (the "Refinanced Term Loan Facility"). The Refinanced Term Loan consists of a $1,072.6 million U.S. Dollar denominated term loan (the "USD Term Loan") and a €225.0 million Euro denominated term loan (the "Euro Term Loan"). The USD Term Loan was issued at par and accrues interest at LIBOR, bearing a 1.00% floor, plus an applicable margin of 2.75%. The Euro Term Loan was issued at an original issuance discount of 0.50%, or $1.3 million, and accrues interest at the Euro Interbank Offer Rate ("EURIBOR"), bearing a 1.00% floor, plus an applicable margin of 2.75%. At December 31, 2016, the effective interest rate on both the USD Term Loan and Euro Term Loan was 3.75%. Principal repayments on the USD Term Loan and Euro Term Loan are payable in quarterly installments equal to 0.25% of the original loan balances. All other terms of the amended Senior Credit Facilities remain substantially unchanged. In connection with amending the Senior Credit Facilities, the Company paid fees to third parties totaling $1.8 million, of which $1.6 million was expensed.

During 2015, the Company made $10.0 million in voluntary prepayments on the previous Term Loan Facility and $45.0 million in voluntary prepayments on the Refinanced Term Loan Facility.

Interest on the Revolving Credit Facility is accrued at a rate equal to the LIBOR rate plus an applicable margin of 3.25% or a base rate that is the higher of the Federal Funds Rate (plus 0.50%), the U.S. prime rate as published in The Wall Street Journal, or LIBOR (plus 1.00%), plus an applicable margin of 2.25%, at Holdco's option. The applicable margin is based on a leverage ratio grid. As of December 31, 2016, zero was outstanding under the Revolving Credit Facility and $236.8 million was available after giving effect to outstanding letters of credit.

Holdco pays fees with respect to the Revolving Credit Facility, including (i) an unused commitment fee of 0.50% or 0.375% based on a leverage ratio, (ii) fixed fees with respect to letters of credit of 3.25% per annum on the stated amount of each letter of credit outstanding during each month and (iii) customary administrative fees.

The agreement go verning the Senior Credit Facilities contains certain covenants that, among other things, require MPG Holdco to maintain a leverage ratio once revolver borrowings and letters of credit exceed 35% of aggregate revolving credit commitments as defined under t he terms of the Senior Credit Facilities and to comply with customary affirmative and negative covenants. In addition to scheduled maturities, the Refinanced Term Loan Facility is subject to customary mandatory prepayments, including an excess cash flow sw eep based on leverage ratio step downs and a mandatory prepayment for certain asset sales. The Company is required to prepay a portion of the Term Loan Facility in an amount equal to a percentage of the preceding fiscal year's excess cash flow, as defined, with such percentage based on our leverage ratio, as defined. No mandatory prepayments are due as of December 31, 2016.

The agreements governing the Senior Credit Facilities and the Registered Notes restrict the payment of dividends except (i) to pay reasonable estimated amount of taxes as long as not prohibited by applicable laws, (ii) to pay legal, accounting, and reporting expenses, (iii) to pay general administrative costs and expenses, and reasonable directors fees, and expenses; (iv) to repurchase stock owned by employees, (v) for management or similar fees, (vi) to pay franchise or similar taxes to maintain corporate existence, (vii) permitted tax distributions, and (viii) to pay dividends up to $30.0 million or 6% of the net cash proceeds from an underwritten public offering of our common stock.

The Senior Credit Facilities are guaranteed by MPG and certain of its direct and indirect existing and future domestic subsidiaries and are secured on a first priority basis by all or substantially all of our assets, the assets of Holdco and each guarantor's assets, including a pledge of capital stock of our U.S. subsidiaries that hold domestic assets and a portion of the capital stock of the first tier foreign subsidiaries of MPG and each guarantor. The Registered Notes are guaranteed by MPG and certain of its direct and indirect existing and future domestic subsidiaries. The Registered Notes are pari passu in right of payment with the Senior Credit Facilities, but are effectively subordinated to the Senior Credit Facilities to the extent of the value of the assets securing such indebtedness.

Registered Notes

In October 2014, Holdco issued $600.0 million of senior notes ("Senior Notes"). The Senior Notes mature in 2022, and bear interest at a rate of 7.375%, payable semi-annually on April 15 and October 15 per the terms of the indenture governing the Senior Notes. In May, 2015, the Company launched an offer to exchange notes registered with the SEC (the "Registered Notes") for its existing Senior Notes that were not registered with the SEC. The Registered Notes have substantially identical terms as the Senior Notes. The exchange offer was made pursuant to a prospectus included in a Registration Statement on Form S-4 filed with the SEC on May 1, 2015, and declared effected by the SEC on May 8, 2015. The exchange offer was completed on June 8, 2015, and all outstanding original Senior Notes were tendered and exchanged for Registered Notes.

The indenture governing the Senior Notes contains certain covenants, including a covenant that restricts the payment of dividends except (i) to pay reasonable estimated amount of taxes as long as not prohibited by applicable laws, (ii) to pay legal, accounting, and reporting expenses, (iii) to pay general and administrative costs and expenses, and reasonable directors fees, and expenses, (iv) to repurchase stock owned by employees, (v) for management or similar fees, (vi) to pay franchise or similar taxes to maintain corporate existence and (vii) to pay dividends up to $30.0 million or 6% of the net cash proceeds from an underwritten public offering of our common stock.

Scheduled Maturities of Long-term Debt

As of December 31, 2016, the Company's scheduled principal payments of long-term debt for the five succeeding years were $13.1 million for 2017, $13.1 million for 2018, $13.1 million for 2019, $13.1 million for 2020 and $1,192.4 million for 2021, and $600.0 million thereafter. The scheduled principal payments are exclusive of potential required prepayments.

(12) Lease Commitments

The Company leases certain property and equipment under capital and operating lease arrangements that expire at various dates through 2036. Most of the operating leases provide the option, after the initial lease term, either to purchase the property or renew its lease at the then fair value.

Future minimum lease payments by the Company under capital and operating leases that have initial or remaining noncancelable terms in excess of one year as of December 31, 2016 are as follows:

	Capital Leases	Operating Leases
	(In millions)	
Company minimum lease payments:		
2017	$ 3.9	11.3
2018	4.0	9.6
2019	4.1	7.6
2020	4.2	6.9
2021	4.3	5.5
Thereafter	58.3	26.7
Total minimum payments	78.8	$ 67.6
Amount representing interest	(56.0)	
Obligations under capital leases	22.8	
Obligations due within one year	(0.1)	
Long-term obligations under capital leases	$ 22.7	

Rental expense for operating leases was $14.5 million for 2016, $12.9 million for 2015, and $12.4 million for 2014.

(13) Equity, Dividends and Change in Accumulated Other Comprehensive Loss

Equity

On August 4, 2014, in connection with the Combination, the issued and outstanding shares of HHI, Metaldyne and Grede were converted to shares of MPG. The number of MPG shares issued upon conversion was determined based on the relative fair value of each entity to the overall fair value of MPG at the time of the Combination. Upon completion of the Combination, 13.4 million shares of MPG common stock were issued and outstanding.

On November 18, 2014, MPG common stock was split at a 5-to-1 ratio, with each stockholder receiving four additional shares for each share held. Upon completion of the Stock Split, 67.1 million shares were outstanding. The number of authorized shares was increased to 400 million.

The Combination and the Stock Split have been retrospectively applied to the Successor Period financial statements.

On December 12, 2014, American Securities sold 10,000,000 shares of the Company's common stock under an IPO, for which no proceeds were received by the Company. The Company recognized costs directly attributable to the IPO of $5.6 million within *paid-in capital* . On January 15, 2015, the underwriters of the IPO exercised their option to purchase additional shares of our common stock from American Securities. After selling these additional shares, American Securities owned 78.5% of our common stock.

Dividends

In 2016 and 2015, the Company declared the following cash dividends on its common stock, totaling $25.4 million and $18.5 million, respectively.

Date Declared	Date Paid	Dividend Per Share
November 2, 2016	December 9, 2016	$ 0.0925
August 3, 2016	September 20, 2016	0.0925
May 4, 2016	June 21, 2016	0.0925
February 24, 2016	April 26, 2016	0.0900
October 28, 2015	December 3, 2015	0.0900
July 29, 2015	August 31, 2015	0.0900
March 10, 2015	May 26, 2015	0.0900

As of December 31, 2016, the Company had accrued dividends of $0.6 million on unvested Restricted Shares, which are to be paid upon vesting.

In 2014, prior to the Combination, HHI paid dividends to its stockholders totaling $111.3 million, which was primarily funded by an incremental term loan.

Share Repurchases

On February 24, 2016, our board of directors authorized a share repurchase program (the “Share Repurchase Program”). The Share Repurchase Program, as amended on August 3, 2016, authorized the Company to purchase shares of its common stock for an aggregate repurchase price not to exceed $35.0 million. Subject to applicable rules and regulations, shares could be repurchased through open market purchases, privately negotiated transactions, or otherwise. On November 3, 2016, the Company suspended the Share Repurchase Program due to the pending merger with American Axle & Manufacturing Holdings, Inc. As of December 31, 2016, cumulative shares repurchased totaled 1,898,261 shares at an average purchase price per share of $15.56. The repurchased shares are presented as common stock held in treasury, at cost, on the consolidated balance sheets.

Changes in Accumulated Other Comprehensive Loss Attributable to Stockholders, Net of Tax

	Foreign Currency Items	Defined Benefit Items	Total	Total Attributable to Noncontrolling Interest	Total Attributable to Stockholders
			(In millions)		
Balance, December 31, 2013	$ (3.8)	0.4	(3.4)	(0.1)	(3.3)
Other comprehensive income before reclassifications	(23.9)	(8.2)	(32.1)	—	(32.1)
Reclassifications	—	0.2	0.2	—	0.2
Balance, December 31, 2014	(27.7)	(7.6)	(35.3)	(0.1)	(35.2)
Other comprehensive income before reclassifications	(24.3)	1.8	(22.5)	—	(22.5)
Reclassifications	—	0.4	0.4	—	0.4
Balance, December 31, 2015	(52.0)	(5.4)	(57.4)	(0.1)	(57.3)
Other comprehensive income before reclassifications	(21.7)	(4.8)	(26.5)	(0.1)	(26.4)
Reclassifications	—	0.2	0.2	—	0.2
Balance, December 31, 2016	$ (73.7)	(10.0)	(83.7)	(0.2)	(83.5)

(14) Net Income Per Share Attributable to Stockholders (“EPS”)

The Company’s basic and diluted EPS were calculated as follows:

	2016	2015	2014
	(In millions, except per share data)		
Weighted-average shares outstanding			
Basic	67.5	67.3	67.1
Equivalent shares for outstanding stock-based compensation awards	1.8	2.4	1.4
Diluted	69.3	69.7	68.5
Net income attributable to stockholders	$ 96.3	125.4	72.9
EPS			
Basic	$ 1.43	1.86	1.09
Diluted	1.39	1.80	1.06

For 2014, the weighted average shares outstanding were retrospectively adjusted to reflect MPG common stock outstanding upon completion of the Combination and the Stock Split; the equivalent shares for outstanding stock-based compensation awards were retrospectively adjusted to reflect the conversion of those awards into options to purchase shares of Common Stock of MPG and the Stock Split.

The number of equivalent shares excluded from the calculation as they were anti-dilutive was 0.1 million for 2016, de minimis for 2015, and 0.8 million for 2014.

(15) Other, net

	2016	2015	2014
		(In millions)	
Foreign currency (gains) losses	$ (15.3)	(18.3)	(15.7)
Accounts receivable factoring commission	0.8	0.8	1.0
Debt transaction expenses	—	1.7	3.0
Other	2.6	0.4	0.4
Total other, net	$ (11.9)	(15.4)	(11.3)

(16) Stock-based Compensation

In August 2014, the Board of Directors of MPG approved an equity incentive plan (the "MPG Plan") for officers, key employees and non-employees. The MPG Plan permits the grant of equity awards to purchase up to 5.9 million shares of MPG common stock. All awards granted on or after August 4, 2014 were issued under the MPG Plan.

Restricted Shares

The Company has granted restricted stock awards and restricted stock unit awards to certain employees and nonemployee directors (collectively the "Restricted Shares").

The following table summarizes the terms of the Restricted Shares:

Vesting Terms	Number of Shares	Grant-date Fair Value
	(In thousands)	
1/3 rd per year on grant-date anniversary	433	$ 15.81
1/3 rd per year on grant-date anniversary	22	15.95
1/3 rd per year on grant-date anniversary	445	15.08
1/3 rd per year on grant-date anniversary	465	20.02
1/3 rd per year on grant-date anniversary	305	18.90
1/4 th on the 1 st grant-date anniversary and 3/4 th on the 2 nd grant-date anniversary	567	15.00
1/3 rd per year on grant-date anniversary	280	15.00
	2,517	

The Restricted Shares are being expensed based on their grant-date fair values on a straight-line basis over the requisite service period for the entire award. The grant-date fair values were determined using the fair value of the Company's common stock as of the grant date.

Changes in the number of Restricted Shares outstanding for the years ended December 31, 2016 and 2015 were as follows:

	Number of Shares	Weighted Average Grant-date Fair Value	Fair Value of Shares Vested
	(In thousands)		(In millions)
Balance, December 31, 2014	847	$ 15.00	
Granted	770	19.58	
Vested	(424)	16.20	$ 7.8
Forfeited	(28)	16.30	
Balance, December 31, 2015	1,165	17.47	
Granted	900	15.45	
Vested	(571)	16.65	$ 10.9
Forfeited	(24)	16.42	
Balance, December 31, 2016	1,470	$ 16.56	

Options

The Company has granted options to certain employees to purchase shares of its common stock with the following terms:

Vesting Terms	Number of Options (In thousands)		Weighted Average Exercise Price	Contractual Terms (In years)
1/3 rd per year on grant-date anniversary	389	$	15.81	10
1/3 rd per year on grant-date anniversary	352	$	15.08	10
1/3 rd per year on grant-date anniversary	438	$	18.90	10
100% upon grant	635		20.00	10
1/3 rd per year on grant-date anniversary	560		20.00	10
1/5 th upon grant and 1/5 th on December 6 th of following 4 years	357		20.00	10
1/5 th per year on the anniversary of the original grant date	4,405		6.32	10
100% on the seventh anniversary of the original grant date	485		18.66	10
	7,621			

All options are being expensed on their grant-date fair values on a straight-line basis over the requisite service period for the entire award. The grant-date fair values of the options were determined using a Black-Scholes valuation model based on the following weighted average assumptions:

	Original Grant Year			
		2016	2015	2014
Grant-date fair value (per share)	$	5.59	9.03	12.66
Exercise price	$	15.46	18.90	18.66
Expected term		6 years	6 years	7 years
Risk-free rate		1.4%	1.8%	2.0%
Expected volatility		47.0%	60.0%	65.0%
Expected dividend yield		2.3%	1.9%	0.0%

The risk-free rate was determined based on U.S. Treasury yield curves of securities matching the expected term of the awards or a blend of securities with similar terms. The expected term was determined using the simplified method as the Company did not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. Expected volatility was estimated based on historical volatility of comparable companies within our industry. The expected dividend yield was determined based on the expected annual dividend amount divided by the common stock price as of the grant date.

Options Outstanding

Changes in the number of Options outstanding for the years ended December 31, 2016 and 2015 were as follows:

	Number of Options (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In millions)
Balance, December 31, 2014	6,442	$ 10.54	8.5	$ 49.2
Options exercisable, December 31, 2014	1,938	$ 10.60	8.2	$ 15.2
Granted	438	18.90		
Exercised	(566)	5.50		8.6
Forfeited	(45)	10.12		
Balance, December 31, 2015	6,269	$ 11.58	7.6	$ 45.5
Options exercisable, December 31, 2015	3,400	$ 10.82	7.4	$ 27.6
Granted	741	15.46		
Exercised	(1,333)	6.97		14.3
Forfeited	(87)	14.58		
Balance, December 31, 2016	5,590	$ 13.15	6.9	$ 54.8
Options exercisable, December 31, 2016	2,998	$ 12.46	6.2	$ 31.5

Proceeds and tax benefit realized from the exercise of stock options during the years ended December 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
		(In millions)	
Proceeds from the exercise of stock options - gross	$ 9.3	3.0	—
Tax benefit	4.6	2.7	—

Stock-based Compensation Expense

	2016	2015	2014
		(In millions)	
Restricted shares	$ 10.2	11.9	0.3
Options	7.3	15.8	17.0
Total	$ 17.5	27.7	17.3
Tax benefit	$ 6.5	10.3	5.4

Compensation expense associated with the outstanding stock-based awards was recognized within *selling, general and administrative expenses* . Total unrecognized compensation cost related to non-vested awards as of December 31, 2016 was approximately $31.0 million, which is expected to be recognized ratably over the remaining vesting terms.

In 2015, the Company modified 297,378 restricted shares and 1,387,087 options in connection with employee separation agreements. In accordance with these agreements, all non-vested awards vested immediately at the date of separation. In addition, the terms of the options were modified from the original term to exercise of 30 days after separation to a term of three or five years based on the respective separation agreement. The modification, which affected five participants, resulted in additional compensation expense related to restricted shares and options of approximately $4.1 million and $7.6 million, respectively, for the year ended December 31, 2015.

In August 2014, in conjunction with the Combination, all outstanding stock-based compensation awards were converted (the “Conversion”) to options to acquire MPG common stock. The Conversion was accounted for as a modification resulting from an equity restructuring. The terms of the original awards were modified to eliminate and replace performance-based vesting with time-based vesting over the remaining vesting periods as set forth in the original option agreements. The modification, which affected fifty-nine option holders, resulted in no incremental compensation cost to the Company. The number of options issued upon conversion and the exercise price of those options were determined based on the relative fair values of the underlying stock of HHI, Metaldyne, or Grede to the overall fair value of MPG common stock at the time of the Combination. Prior to the Combination and Conversion, Grede had issued 970,395 equity awards in 2014, HHI and Metaldyne had issued 39,885 and 1,991,305 equity awards in 2013, respectively, and, as of the beginning of 2013, HHI had 1,888,450 equity awards issued and outstanding.

(17) Income Taxes

	2016	2015	2014
	(In millions)		
Income (loss) before income taxes:			
Domestic	$ 53.5	97.8	(8.8)
Foreign	81.8	76.1	63.0
	$ 135.3	173.9	54.2
Provision (benefit) for income taxes:			
Currently payable:			
Federal	$ 21.9	31.7	43.8
Foreign	27.5	23.6	18.8
State and local	2.9	8.4	7.0
	52.3	63.7	69.6
Deferred:			
Federal	(9.3)	(14.3)	(81.5)
Foreign	(4.5)	4.0	(0.4)
State and local	(0.1)	(5.3)	(6.8)
	(13.9)	(15.6)	(88.7)
Total income tax expense (benefit)	$ 38.4	48.1	(19.1)

The components of deferred taxes as of December 31 were as follows:

	2016	2015
	(In millions)	
Deferred tax assets:		
Inventories	$ 4.3	4.6
Property and equipment	3.1	3.0
Accrued liabilities and other long-term liabilities	14.1	13.0
Net operating losses	17.9	12.9
Capitalized transactions costs	7.0	5.5
Defined benefit pension plans	11.9	6.6
Stock-based compensation	14.2	14.2
Other	6.0	11.2
	78.5	71.0
Valuation allowance	(15.3)	(11.8)
	63.2	59.2
Deferred tax liabilities:		
Property and equipment	90.1	91.2
Intangible assets	169.6	181.7
Investments in foreign subsidiaries	3.9	2.2
Debt issuance costs	2.0	5.0
Other	13.9	8.7
	279.5	288.8
Net deferred tax liability	$ 216.3	229.6

The balance sheet presentation of net deferred tax liability follows:

	2016	2015
	(In millions)	
Assets:		
Deferred income taxes	$ 7.4	1.7
Liabilities:		
Deferred income taxes	223.7	231.3
Net deferred tax liability	$ 216.3	229.6

The following is a reconciliation of tax computed at the U.S. federal statutory rate to the provision for income taxes allocated to income from continuing operations:

	2016	2015	2014
		(In millions)	
U.S. federal statutory rate	35%	35%	35%
Tax at U.S. federal statutory rate	$ 47.3	60.9	19.0
Lower effective foreign tax rate	(7.7)	(6.9)	(6.1)
Change in valuation allowance	3.6	2.4	4.8
Nondeductible transaction/other expenses	3.1	1.7	3.6
Non-taxable income	(2.8)	(2.6)	(2.9)
Foreign tax credit - net	(2.6)	—	—
Tax holidays, credits and incentives	(2.5)	(1.4)	(4.7)
Domestic production activities deduction	(2.3)	(3.6)	(2.3)
Changes in unrecognized tax benefits	(1.9)	0.6	(2.2)
Deferred tax on outside basis of foreign shares	1.8	(3.0)	(31.6)
State and local taxes, net of federal tax benefit	1.1	4.3	(1.4)
Changes in prior-year estimates	0.4	(4.2)	2.6
Other, net	0.9	(0.1)	(2.2)
Goodwill impairment	—	—	4.3
Income tax expense (benefit)	$ 38.4	48.1	(19.1)

As of December 31, 2016, the Company has not made a provision for U.S. or additional foreign withholding taxes on approximately $265 million of the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested. Such amounts could become taxable upon the sale or liquidation of these foreign subsidiaries or upon dividend repatriation. If a U.S. deferred tax liability were to be recorded on those basis differentials, the estimated tax liability would approximate $24.8 million. For those wholly owned foreign subsidiaries where basis differentials are not indefinitely reinvested, the Company provides deferred income taxes on the basis differentials. As of December 31, 2016 and 2015, this deferred income tax liability totaled $3.9 million and $2.2 million, respectively.

The Protecting Americans from Tax Hikes Act of 2015 extended the “look-through” rule under subpart F of the U.S. Internal Revenue Code through 2019. The “look-through rule” provides an exception to the U.S. taxation of certain income generated by foreign subsidiaries. As a result of this change in law, the Company recorded a $3.2 million income tax benefit in 2015, to derecognize a portion of the deferred tax liabilities previously recorded.

In the fourth quarter of 2014, MPG made the assertion that the earnings of certain foreign subsidiaries within the Metaldyne segment are indefinitely reinvested. This determination resulted from the Refinancing in October 2014 and the IPO in December 2014, which added significant flexibility to the Company’s capital structure. The assertion is also supported by the operational and investing needs of the Company’s foreign locations. As a result of this change, the Company recorded a $31.6 million deferred tax benefit for the year ended December 31, 2014 to derecognize a portion of the deferred tax liabilities previously recorded.

As of December 31, 2016 and 2015, certain foreign subsidiaries have NOL carryforward balances totaling $57.6 million and $40.2 million, respectively. Of the December 31, 2016 balance, foreign NOL carryforwards totaling $5.4 million will expire in various years ranging from 2018 through 2025, while the remaining balance of $52.3 million has no expiration date.

The Company continues to maintain a valuation allowance related to its net deferred tax assets in multiple jurisdictions. As of December 31, 2016 and 2015, the Company had valuation allowances of $15.3 million and $11.8 million, respectively, primarily related to tax loss and credit carryforwards.

For its U.S. federal income tax provision, the Company has recorded a research and experimentation t ax credit of $2.4 million and $1.3 million for the year ended December 31, 2016 and 2015, respectively.

A reconciliation of the total amounts of unrecognized tax benefits for the years ended December 31 follows:

	2016	2015	2014
		(In millions)	
Beginning balance	$ 7.2	7.4	9.6
Additions to tax positions related to the current period	0.5	0.3	0.3
Additions to tax positions related to the prior period	0.2	0.4	0.3
Reductions in tax positions resulting from settlements with taxing authorities	(3.5)	—	(1.3)
Reductions in tax positions resulting from a lapse of the statute of limitations	(0.1)	—	(0.2)
Other	(0.2)	(0.9)	(1.3)
Ending balance	$ 4.1	7.2	7.4

The reserve for unrecognized tax benefits totaled $4.1 million and $4.5 million as of December 31, 2016 and 2015, respectively. This reserve primarily consists of foreign tax contingencies related to ongoing tax audits. Additionally, as of December 31, 2015, deferred tax assets related to net operating losses were reduced by $2.7 million. The deferred tax assets were re-established during the year ended December 31, 2016 due to a favorable resolution of an audit issue for one of the Company's foreign subsidiaries. All of the Company's unrecognized tax benefits would, if recognized, reduce its effective tax rate. In connection with the Metaldyne Transaction, the former owner's stockholders have indemnified Metaldyne for certain pre-closing taxes. An indemnification asset of $4.7 million and $7.6 million related to the foreign tax contingencies, including interest and penalties, is recorded in *receivables, net* as of December 31, 2016 and 2015, respectively.

The Company recognizes both interest and penalties accrued with respect to an underpayment of income taxes as income tax expense. Related to the unrecognized tax benefits noted above, the amount of interest and penalty expense was $0.1 million, $0.2 million, and $0.2 million for the years ended December 31, 2016, 2015, and 2014, respectively. The accrued liability for penalties and interest as of December 31, 2016, 2015 and 2014 was $1.4 million, $1.3 million and $1.1 million, respectively.

The Company has open tax years from 2004 to 2016 with varying taxing jurisdictions where taxes remain subject to examination including, but not limited to, the United States of America, Spain, France, Germany, and India. All necessary adjustments for the anticipated outcomes of ongoing examinations have been properly addressed or accrued. As of December 31, 2016 and 2015, since existing examinations remain pending, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits over the next twelve months.

(18) Employee Benefit Plans

The Company sponsors employee benefit plans for certain of its employees.

Defined Benefit Pension Plans

The Company sponsors defined benefit pension plans, including certain unfunded supplemental retirement plans, covering certain active and retired employees for its operations in the U.S., U.K., Germany, Mexico, France and Korea (the "Defined Benefit Pension Plans").

The straight-line method is used to amortize prior service amounts and unrecognized net actuarial (gains) losses.

Changes in projected benefit obligations and plan assets for the years ended December 31 were as follows:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
	(In millions)			
Accumulated benefit obligation at the end of the year	$ 32.1	52.9	32.8	49.6
Change in projected benefit obligation:				
Beginning projected benefit obligation	$ 32.8	52.1	36.6	56.8
Service cost	—	1.2	—	1.2
Interest cost	1.3	1.7	1.3	1.7
Actuarial (gain) loss	0.3	8.3	(1.3)	(2.9)
Benefits paid	(1.4)	(1.7)	(1.2)	(2.0)
Effect of settlements	(0.9)	—	(2.6)	—
Other adjustments	—	—	—	1.7
Exchange rate changes	—	(6.5)	—	(4.4)
Ending projected benefit obligation	32.1	55.1	32.8	52.1
Change in plan assets:				
Beginning fair value of plan assets	$ 23.9	27.6	27.3	29.2
Actual return on plan assets	1.1	3.4	(0.3)	0.1
Employer contributions	—	1.5	0.7	1.8
Benefits paid	(1.4)	(1.7)	(1.2)	(2.0)
Effect of settlements	(0.9)	—	(2.6)	—
Exchange rate changes	—	(4.6)	—	(1.5)
Ending fair value of plan assets	$ 22.7	26.2	23.9	27.6

Amounts recognized on the consolidated balance sheets as of December 31 were as follows:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
	(In millions)			
Amounts recognized in liabilities:				
Current liabilities	$ —	(0.4)	—	(0.4)
Noncurrent liabilities	(9.4)	(28.6)	(8.9)	(24.2)
Funded status	(9.4)	(29.0)	(8.9)	(24.6)
Amounts recognized in accumulated other comprehensive income:				
Net actuarial loss	4.2	9.7	3.7	4.0
Total recognized on the consolidated balance sheets	$ (5.2)	(19.3)	(5.2)	(20.6)

The current portion of the above retirement benefit liabilities is recognized in *accrued liabilities* and the noncurrent portion is recognized in *other long-term liabilities* .

Changes in accumulated other comprehensive income for the years ended December 31 were as follows:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
	(In millions)			
Beginning accumulated other comprehensive income	$ 3.7	4.0	3.5	5.7
Current period (gain) loss	0.5	6.5	0.2	(1.1)
Exchange rate changes	—	(0.8)	—	(0.6)
Ending accumulated other comprehensive income	$ 4.2	9.7	3.7	4.0

The amounts in accumulated other comprehensive income that are expected to be recognized as components of net periodic benefit cost in 2017 are de minimis for the U.S. plans and $0.3 million for the non-U.S. plans.

Weighted average assumptions used to determine the benefit obligations as of December 31 were as follows:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.94%	2.53%	4.10%	3.46%
Rate of compensation increase	Not applicable	4.47	Not applicable	4.65

Weighted average assumptions used to determine net periodic benefit cost for the periods ended of December 31 were as follows:

	2016		2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.10%	3.46%	3.77%	3.22%	4.04%	4.26%
Expected long-term return of plan assets	7.25	6.34	7.25	6.80	7.25	6.77
Rate of compensation increase	Not applicable	4.65	Not applicable	4.46	Not applicable	4.80

The discount rate used was determined based upon available yields for high quality corporate and government bonds of the plan countries, utilizing similar durations/terms and currencies of the plan liabilities. The non-U.S. country specific rates are weighted by projected benefit obligation to arrive at a single weighted average rate.

The expected long-term rate of return for the plans' total assets is based on the expected return of each of the below asset categories, weighted based on the target allocation for each class. Equity securities and growth assets are expected to return 6% to 8% over the long-term, while debt securities and liability matching assets are expected to return between 2% and 4%.

The rate of compensation increase for the U.S. plans is not applicable as the plans' benefits are based upon credited years of service.

Net periodic benefit cost for the periods ended of December 31 was as follows:

	2016		2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
			(In millions)			
Service cost	$ —	1.2	—	1.2	0.1	1.2
Interest cost	1.3	1.7	1.3	1.7	0.8	2.1
Expected return on plan assets	(1.4)	(1.6)	(1.6)	(1.9)	(1.0)	(1.8)
Amortization of net actuarial gain (loss)	0.1	—	—	0.1	—	—
Effect of settlement	0.1	—	0.4	—	—	—
Net periodic benefit cost	$ 0.1	1.3	0.1	1.1	(0.1)	1.5

The weighted average asset allocations as of December 31 were as follows:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Asset category:				
Equity securities	52%	75%	51%	77%
Fixed income securities	40	22	39	16
Real estate	8	—	10	—
Cash	—	2	—	4
Other	—	1	—	3
Total	100%	100%	100%	100%

Certain policies are established to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations. The plans' asset allocation percentages at December 31, 2016 and 2015 approximated the target asset allocation ranges. The targeted asset allocations and the investment policies are reviewed periodically to determine if the policies should be changed.

Fair value measurements for plan assets as of December 31, 2016 were as follows:

	Total	Level 1	Level 2	Level 3
	(In millions)			
Asset category:				
U.S. Plans				
Mutual funds:				
Equity securities	$ 11.8	—	11.8	—
Fixed income securities	9.1	—	9.1	—
Real estate	1.8	—	0.4	1.4
Total	$ 22.7	—	21.3	1.4
Non-U.S. Plans				
Cash and cash equivalents	$ 0.5	0.5	—	—
Mutual funds (non-U.S.):				
Equity securities	18.5	—	18.5	—
Fixed income securities	5.9	—	5.9	—
Mixed asset mutual funds (equity/fixed income)	1.3	—	1.3	—
Total	$ 26.2	0.5	25.7	—

Fair value measurements for plan assets as of December 31, 2015 were as follows:

	Total	Level 1	Level 2	Level 3
	(In millions)			
Asset category:				
U.S. Plans				
Mutual funds:				
Equity securities	$ 12.1	—	12.1	—
Fixed income securities	9.3	—	9.3	—
Real estate	2.5	—	1.2	1.3
Total	$ 23.9	—	22.6	1.3
Non-U.S. Plans				
Cash and cash equivalents	$ 1.0	1.0		—
Mutual funds (non-U.S.):				
Equity securities	21.4	—	21.4	—
Fixed income securities	4.3	—	4.3	—
Mixed asset mutual funds (equity/fixed income)	0.9	—	0.9	—
Total	$ 27.6	1.0	26.6	—

Level 1 assets include cash and cash equivalents and are valued at cost. Level 2 assets include investments in mutual funds and are valued using observable market inputs. Level 3 assets include investments in real estate and are valued using unobservable inputs that are significant to the overall fair value measurement.

The following table summarizes the changes in Level 3 assets:

	(In millions)
Balance as of December 31, 2015	$ 1.3
Return on plan assets	0.1
Purchases	0.1
Sales	(0.1)
Balance as of December 31, 2016	$ 1.4

Contributions to the U.S. plans and the non-U.S. plans in 2017 are estimated to be $0.3 and $0.8 million, respectively. Contributions are expected to meet or exceed the minimum funding requirements of the relevant governmental authorities. Contributions may be made in excess of the minimum funding requirements in response to the plans' investment performance, to achieve funding levels required by defined benefit plan arrangements or when deemed to be financially advantageous to do so based on their other cash requirements.

The following payments, which reflect expected future service, as appropriate, are expected to be paid by the plans:

	U.S.	Non-U.S.
	(In millions)	
December 31:		
2017	$ 1.8	1.5
2018	1.5	1.6
2019	1.5	1.6
2020	1.6	1.7
2021	1.7	1.9
2022–2026	9.4	10.5

Defined Contribution Plans

The Company sponsors a number of qualified defined contribution personal savings plans for U.S. hourly and salaried employees. These plans allow eligible employees to contribute a portion of their compensation into the plans and generally provide employer matching contributions. In addition to the employer match, for certain of the plans, a contribution is made for each participant based on a dollar amount per hour worked. Contributions were $6.4 million for 2016, $7.6 million for 2015, and $6.7 million for 2014 .

(19) Fair Value Measurements

The carrying value and fair value of the notes and term loans as of December 31 were as follows:

	2016				
	Outstanding Principal	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Value	Fair Value
			(In millions)		
Registered Notes	$ 600.0	(9.2)	—	590.8	625.5
USD Term Loan	1,011.5	(7.6)	(4.7)	999.2	1,017.8
Euro Term Loan	233.3	(0.1)	(0.9)	232.3	234.8

	2015				
	Outstanding Principal	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Value	Fair Value
			(In millions)		
Registered Notes	$ 600.0	(10.4)	—	589.6	605.9
USD Term Loan	1,022.2	(9.1)	(5.6)	1,007.5	1,000.5
Euro Term Loan	244.1	(0.1)	(1.1)	242.9	243.2

The fair values of the Registered Notes and term loans were estimated using quoted market prices. As the markets for this debt are not active, the debt is categorized as Level 2 within the fair value hierarchy.

The fair value of the Company’s other financial instruments, cash and cash equivalents, revolving lines of credit and other long-term debt, are estimated to equal their carrying values due to their short-term nature.

(20) Commitments and Contingencies

Various claims, lawsuits and administrative proceedings are pending or threatened against the Company or its subsidiaries, covering a wide range of matters that arise in the ordinary course of the Company’s business activities, primarily with respect to commercial, environmental and occupational and employment matters. Commercial disputes vary in nature and have historically been resolved by negotiations between the parties. Although the outcome of any of these matters cannot be predicted with certainty, the Company does not believe that any of these proceedings or matters in which the Company is currently involved will have a material adverse effect on the Company’s results of operations, financial position or cash flows.

In addition, the Company is conducting remedial actions at certain of its facilities. A reserve estimate for each environmental matter is established using standard engineering cost estimating techniques on an undiscounted basis. In determini ng such costs, consideration is given to the professional judgment of Company environmental engineers. The Company believes any liability that may result from the resolution of environmental matters for which sufficient information is available to support these cost estimates will not have a material adverse effect on the Company's results of operations, financial position or cash flows. The Company cannot predict the effect of compliance with environmental laws and regulations with respect to unknown envir onmental matters on the Company's results of operations, financial position or cash flows or the possible effect of compliance with environmental requirements imposed in the future.

Definitive Merger Agreement

On November 3, 2016, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, American Axle & Manufacturing Holdings, Inc. ("American Axle") and Alpha SPV I, Inc. ("Merger Sub"), a wholly owned subsidiary of American Axle, pursuant to which American Axle will acquire all of the outstanding equity of the Company.

In accordance with and subject to the terms and conditions of the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving the Merger and continuing as a wholly-owned subsidiary of American Axle. Upon consummation of the transactions contemplated by the Merger Agreement, each outstanding share of common stock, par value $0.001 per share, of the Company will automatically be converted into the right to receive (i) $13.50 per share in cash (without interest) and (ii) 0.5 shares of common stock, par value $0.01 per share, of American Axle.

The consummation of the Merger and the transactions contemplated by the Merger Agreement are subject to the satisfaction of customary closing conditions, including the receipt of Mexican antitrust approval, the approval of the Merger Agreement by the requisite vote of the Company's stockholders and approval of the issuance of shares of common stock of American Axle to the Company's stockholders in the Merger by the requisite vote of American Axle's stockholders.

(21) Related Party Transactions

HHI, Metaldyne and Grede were parties to management services agreement with American Securities. Advisory and management fees and expenses totaling $14.7 million for 2014 were paid to American Securities under the agreements. These agreements were terminated upon completion of the initial public offering of the Company's common stock on December 12, 2014. As of December 31, 2016 there were no amounts due to American Securities.

As of December 31, 2016, affiliates of American Securities held 76.0% of the outstanding common stock of the Company.

(22) Segment and Geographical Data

The Company is organized and operated as three operating segments: the HHI segment, the Metaldyne segment and the Grede segment.

The HHI segment manufactures highly-engineered metal-based products for the North American light vehicle market. These components are used in Powertrain and Safety-Critical applications, including transmission components, drive line components, wheel hubs, axle ring and pinion gears, sprockets, balance shaft gears, timing drive systems, VVT components, transfer case components and wheel bearings.

The Metaldyne segment manufactures highly-engineered metal-based Powertrain products for the global light vehicle markets. These components include connecting rods, VVT components, balance shaft systems, and crankshaft dampers, differential gears, pinions and assemblies, valve bodies, hollow and solid shafts, clutch modules and assembled end covers.

The Grede segment manufactures cast, machined and assembled components for the light, commercial and industrial (agriculture, construction, mining, rail, wind energy and oil field) vehicle and equipment end-markets. These components are used in Powertrain and Safety-Critical applications, including turbocharger housings, differential carriers and cases, scrolls and covers, brake calipers and housings, knuckles, control arms and axle components.

The Company evaluates the performance of its operating segments based on external sales and Adjusted EBITDA. Adjusted EBITDA is calculated as net income (loss) before tax adjusted to exclude depreciation and amortization expense, interest expense, net and other income and expenses that are either non-recurring or non-cash by nature, as well as management fees paid to American Securities ("sponsor management fees"). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Segment information for 2016, 2015 and 2014 was as follows:

	2016					December 31, 2016
	External Sales	Intersegment Sales	Adjusted EBITDA	Capital Expenditures	Depreciation/ Amortization	Total Assets
	(In millions)					
HHI	$ 834.9	8.1	161.2	55.9	77.0	$ 850.8
Metaldyne	1,168.5	1.3	220.5	100.2	74.6	1,286.2
Grede	787.3	0.4	111.3	36.8	69.2	945.5
Elimination and other	—	(9.8)	—	1.6	0.5	108.0
Total	$ 2,790.7	—	493.0	194.5	221.3	$ 3,190.5

	2015					December 31, 2015
	External Sales	Intersegment Sales	Adjusted EBITDA	Capital Expenditures	Depreciation/ Amortization	Total Assets
	(In millions)					
HHI	$ 984.8	8.9	199.8	69.9	79.1	$ 905.5
Metaldyne	1,155.7	1.2	205.7	85.4	78.2	1,243.8
Grede	906.8	0.3	132.7	69.0	72.4	954.6
Elimination and other	—	(10.4)	—	2.0	0.1	53.7
Total	$ 3,047.3	—	538.2	226.3	229.8	$ 3,157.6

	2014					December 31, 2014
	External Sales	Intersegment Sales	Adjusted EBITDA	Capital Expenditures	Depreciation/ Amortization	Total Assets
	(In millions)					
HHI	$ 968.5	9.0	193.5	61.6	76.9	$ 944.1
Metaldyne	1,176.4	1.2	202.3	70.5	92.4	1,216.4
Grede	572.1	—	82.8	24.3	41.5	982.0
Elimination and other	—	(10.2)	—	—	—	60.9
Total	$ 2,717.0	—	478.6	156.4	210.8	$ 3,203.4

Elimination and other above reflects the elimination of intercompany sales, payables and receivables and assets held by the parent company. Assets held by the parent company primarily consist of cash and cash equivalents, and deferred tax assets.

Reconciliation of Adjusted EBITDA to income before tax follows:

	2016	2015	2014
	(In millions)		
Adjusted EBITDA	$ 493.0	538.2	478.6
Interest expense, net	(103.5)	(107.5)	(99.9)
Depreciation and amortization	(221.3)	(229.8)	(210.8)
Loss on debt extinguishment	—	(0.4)	(60.7)
Gain (loss) on foreign currency	14.6	20.2	15.7
Loss on fixed assets	(5.3)	(2.8)	(2.1)
Debt transaction expenses	—	(1.7)	(3.0)
Stock-based compensation	(17.5)	(27.7)	(17.3)
Sponsor management fees	—	—	(5.1)
Non-recurring acquisition and purchase accounting items	(8.2)	(3.0)	(23.0)
Non-recurring operational items	(16.5)	(11.6)	(18.2)
Income before tax	$ 135.3	173.9	54.2

The following table presents total assets, long-lived assets and net assets by geographic area, attributed to each subsidiary's continent of domicile as of December 31, 2016 and 2015.

	2016			2015		
	Total assets	Noncurrent assets	Net assets	Total assets	Noncurrent assets	Net assets
	(In millions)					
United States of America	2,571.7	2,076.8	258.0	2,592.4	2,111.1	264.4
Europe	313.5	171.6	213.1	304.9	173.4	211.2
Other foreign	305.3	150.4	208.1	260.3	137.1	163.4
Total foreign	618.8	322.0	421.2	565.2	310.5	374.6
Total	3,190.5	2,398.8	679.2	3,157.6	2,421.6	639.0

The following table presents the net sales by geographic area, attributed to each subsidiary's continent of domicile:

	2016	2015	2014
	(In millions)		
United States of America	$ 2,082.2	2,349.7	2,035.9
Europe	378.1	365.3	403.5
Other foreign	330.4	332.3	277.6
Total foreign	708.5	697.6	681.1
Total	$ 2,790.7	3,047.3	2,717.0

During 2016, direct sales to two customers accounted for 25% and 21% of net sales, respectively.

(23) Summarized Quarterly Financial Information (Unaudited)

	2016 Quarter Ended				
	April 3	July 3	October 2	December 31	Full Year
	(In millions, except EPS amounts)				
Net sales	$ 739.5	728.4	676.2	646.6	$ 2,790.7
Gross profit	136.5	130.3	106.4	96.0	469.2
Net income attributable to stockholders	24.9	35.5	19.3	16.6	96.3
Basic EPS	0.37	0.52	0.29	0.25	1.43
Diluted EPS	0.36	0.51	0.28	0.24	1.39

	2015 Quarter Ended				
	March 29	June 28	September 27	December 31	Full Year
	(In millions, except EPS amounts)				
Net sales	$ 765.2	800.2	746.6	735.3	$ 3,047.3
Gross profit	128.5	142.1	126.2	119.2	516.0
Net income attributable to stockholders	32.4	44.1	28.2	20.7	125.4
Basic EPS	0.48	0.66	0.42	0.30	1.86
Diluted EPS	0.47	0.64	0.41	0.29	1.80

(24) Guarantor Condensed Consolidating Financial Information

The outstanding balances of the Senior Credit Facilities and Registered Notes, entered into and issued on October 20, 2014, are guaranteed by all of the Company's existing and future domestic subsidiaries ("Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by Metaldyne Performance Group Inc. ("Parent") and Holdco ("Issuer"). The guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries have not guaranteed the Senior Credit Facilities or the Registered Notes ("Non-Guarantor Subsidiaries").

The accompanying supplemental condensed, consolidating financial information is presented using the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the Company's share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions.

Condensed Consolidating Balance Sheet
December 31, 2016
(In millions)

	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	83.8	0.9	125.0	—	209.7
Receivables, net:						
Trade	—	—	231.5	83.6	(0.5)	314.6
Other	—	—	92.7	20.6	(78.5)	34.8
Total receivables, net	—	—	324.2	104.2	(79.0)	349.4
Inventories	—	—	118.1	50.3	—	168.4
Prepaid expenses	—	1.7	7.8	2.0	—	11.5
Other assets	20.8	—	15.3	16.6	—	52.7
Total current assets	20.8	85.5	466.3	298.1	(79.0)	791.7
Property and equipment, net	—	3.1	567.2	261.3	—	831.6
Goodwill	—	—	673.2	234.5	—	907.7
Amortizable intangible assets, net	—	—	506.8	132.3	—	639.1
Deferred income taxes	14.2	—	—	7.4	(14.2)	7.4
Other assets	—	2.0	10.3	0.7	—	13.0
Intercompany receivables	93.4	1,618.2	—	8.3	(1,719.9)	—
Investment in subsidiaries	685.6	826.9	696.7	—	(2,209.2)	—
Total assets	$ 814.0	2,535.7	2,920.5	942.6	(4,022.3)	3,190.5
Liabilities and Stockholders' Equity						
Current liabilities:						
Accounts payable	$ —	1.2	169.4	127.8	(37.9)	260.5
Accrued compensation	—	3.2	34.3	12.1	—	49.6
Accrued liabilities	0.8	20.7	32.1	63.5	(40.0)	77.1
Short-term debt	—	—	—	2.1	(1.1)	1.0
Current maturities, long-term debt and capital lease obligations	—	13.1	—	0.1	—	13.2
Total current liabilities	0.8	38.2	235.8	205.6	(79.0)	401.4
Long-term debt, less current maturities	—	1,809.2	—	—	—	1,809.2
Capital lease obligations	—	—	22.7	—	—	22.7
Deferred income taxes	—	2.0	228.2	7.7	(14.2)	223.7
Other long-term liabilities	—	0.7	24.4	29.2	—	54.3
Intercompany payables	137.4	—	1,582.5	—	(1,719.9)	—
Total liabilities	138.2	1,850.1	2,093.6	242.5	(1,813.1)	2,511.3
Stockholders' equity:						
Total equity attributable to stockholders	675.8	685.6	826.9	696.7	(2,209.2)	675.8
Noncontrolling interest	—	—	—	3.4	—	3.4
Total stockholders' equity	675.8	685.6	826.9	700.1	(2,209.2)	679.2
Total liabilities and stockholders' equity	$ 814.0	2,535.7	2,920.5	942.6	(4,022.3)	3,190.5

Condensed Consolidating Balance Sheet
December 31, 2015
(In millions)

	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	50.5	10.8	106.9	—	168.2
Receivables, net:						
Trade	—	—	242.4	67.7	(1.0)	309.1
Other	0.1	—	70.9	19.8	(55.4)	35.4
Total receivables, net	0.1	—	313.3	87.5	(56.4)	344.5
Inventories	—	—	139.1	47.7	—	186.8
Prepaid expenses	—	3.2	7.4	4.4	—	15.0
Other assets	5.3	—	8.6	7.6	—	21.5
Total current assets	5.4	53.7	479.2	254.1	(56.4)	736.0
Property and equipment, net	—	2.0	546.3	237.7	—	786.0
Goodwill	—	—	673.2	234.5	—	907.7
Amortizable intangible assets, net	—	—	561.7	147.2	—	708.9
Deferred income taxes	14.2	—	—	1.7	(14.2)	1.7
Other assets	—	2.8	14.2	0.3	—	17.3
Intercompany receivables	56.2	1,734.6	—	5.0	(1,795.8)	—
Investment in subsidiaries	619.0	695.9	673.8	—	(1,988.7)	—
Total assets	$ 694.8	2,489.0	2,948.4	880.5	(3,855.1)	3,157.6
Liabilities and Stockholders' Equity						
Current liabilities:						
Accounts payable	$ —	1.0	165.7	105.0	(22.8)	248.9
Accrued compensation	—	4.4	38.5	12.3	—	55.2
Accrued liabilities	0.5	19.1	27.2	53.6	(33.6)	66.8
Short-term debt	—	—	—	0.7	—	0.7
Current maturities, long-term debt and capital lease obligations	—	13.2	1.1	0.2	—	14.5
Total current liabilities	0.5	37.7	232.5	171.8	(56.4)	386.1
Long-term debt, less current maturities	—	1,826.9	—	0.2	—	1,827.1
Capital lease obligations	—	—	22.5	—	—	22.5
Deferred income taxes	—	5.0	233.4	7.1	(14.2)	231.3
Other long-term liabilities	—	0.4	26.5	24.7	—	51.6
Intercompany payables	58.2	—	1,737.6	—	(1,795.8)	—
Total liabilities	58.7	1,870.0	2,252.5	203.8	(1,866.4)	2,518.6
Stockholders' equity:						
Total equity attributable to stockholders	636.1	619.0	695.9	673.8	(1,988.7)	636.1
Noncontrolling interest	—	—	—	2.9	—	2.9
Total stockholders' equity	636.1	619.0	695.9	676.7	(1,988.7)	639.0
Total liabilities and stockholders' equity	$ 694.8	2,489.0	2,948.4	880.5	(3,855.1)	3,157.6

Condensed Consolidating Statem ents of Operations
(In millions)

For the Year Ended December 31, 2016	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
Net sales	$ —	—	2,182.5	752.4	(144.2)	2,790.7
Cost of sales	—	—	1,838.6	627.1	(144.2)	2,321.5
Gross profit	—	—	343.9	125.3	—	469.2
Selling, general and administrative expenses	—	—	197.5	44.8	—	242.3
Operating profit	—	—	146.4	80.5	—	226.9
Interest expense, net	—	98.7	(3.6)	8.4	—	103.5
Other, net	(4.3)	(8.3)	(4.3)	5.0	—	(11.9)
Other expense, net	(4.3)	90.4	(7.9)	13.4	—	91.6
Income (loss) before tax	4.3	(90.4)	154.3	67.1	—	135.3
Income tax expense (benefit)	1.1	(26.1)	44.5	18.9	—	38.4
Income (loss) before from equity in subsidiaries	3.2	(64.3)	109.8	48.2	—	96.9
Earnings from equity in subsidiaries	93.1	157.4	47.6	—	(298.1)	—
Net income	96.3	93.1	157.4	48.2	(298.1)	96.9
Income attributable to noncontrolling interest	—	—	—	0.6	—	0.6
Net income attributable to stockholders	$ 96.3	93.1	157.4	47.6	(298.1)	96.3

For the Year Ended December 31, 2015	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
Net sales	$ —	—	2,432.3	739.7	(124.7)	3,047.3
Cost of sales	—	—	2,034.4	621.6	(124.7)	2,531.3
Gross profit	—	—	397.9	118.1	—	516.0
Selling, general and administrative expenses	—	—	205.5	44.1	—	249.6
Operating profit	—	—	192.4	74.0	—	266.4
Interest expense, net	—	102.2	(4.2)	9.5	—	107.5
Loss on debt extinguishment	—	0.4	—	—	—	0.4
Other, net	—	(8.2)	(10.6)	3.4	—	(15.4)
Other expense, net	—	94.4	(14.8)	12.9	—	92.5
Income (loss) before tax	—	(94.4)	207.2	61.1	—	173.9
Income tax expense (benefit)	—	(30.9)	56.2	22.8	—	48.1
Income (loss) before from equity in subsidiaries	—	(63.5)	151.0	38.3	—	125.8
Earnings from equity in subsidiaries	125.4	188.9	37.9	—	(352.2)	—
Net income	125.4	125.4	188.9	38.3	(352.2)	125.8
Income attributable to noncontrolling interest	—	—	—	0.4	—	0.4
Net income attributable to stockholders	$ 125.4	125.4	188.9	37.9	(352.2)	125.4

Condensed Consolidating Statements of Operations
(In millions)

For the Year Ended December 31, 2014	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
Net sales	$ —	—	2,109.6	723.7	(116.3)	2,717.0
Cost of sales	—	—	1,793.4	617.0	(116.3)	2,294.1
Gross profit	—	—	316.2	106.7	—	422.9
Selling, general and administrative expenses	—	—	157.2	37.4	—	194.6
Goodwill impairment	—	—	11.8	—	—	11.8
Acquisition costs	—	—	13.0	—	—	13.0
Operating profit	—	—	134.2	69.3	—	203.5
Interest expense, net	—	22.3	67.4	10.2	—	99.9
Loss on debt extinguishment	—	—	60.7	—	—	60.7
Other, net	—	—	(16.3)	5.0	—	(11.3)
Other expense, net	—	22.3	111.8	15.2	—	149.3
Income (loss) before tax	—	(22.3)	22.4	54.1	—	54.2
Income tax expense (benefit)	—	(8.8)	(26.8)	16.5	—	(19.1)
Income (loss) before from equity in subsidiaries	—	(13.5)	49.2	37.6	—	73.3
Earnings from equity in subsidiaries	72.9	86.4	37.2	—	(196.5)	—
Net income	72.9	72.9	86.4	37.6	(196.5)	73.3
Income attributable to noncontrolling interest	—	—	—	0.4	—	0.4
Net income attributable to stockholders	72.9	72.9	86.4	37.2	(196.5)	72.9

Condensed Consolidating Statements of Comprehensive Income
(In millions)

	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
For the year ended December 31, 2016						
Net income	$ 96.3	93.1	157.4	48.2	(298.1)	96.9
Other comprehensive loss, net of tax:						
Foreign currency translation	(21.7)	(22.0)	(22.0)	(20.3)	64.3	(21.7)
Net actuarial gain on defined benefit plans	(4.8)	(4.8)	(4.8)	(4.3)	13.9	(4.8)
Losses on defined benefit plans recognized in net income	0.2	0.2	0.2	—	(0.4)	0.2
Other comprehensive loss, net of tax	(26.3)	(26.6)	(26.6)	(24.6)	77.8	(26.3)
Comprehensive income	70.0	66.5	130.8	23.6	(220.3)	70.6
Less comprehensive income attributable to noncontrolling interest	—	—	—	0.5	—	0.5
Comprehensive income attributable to stockholders	$ 70.0	66.5	130.8	23.1	(220.3)	70.1
For the year ended December 31, 2015						
Net income	$ 125.4	125.4	188.9	38.3	(352.2)	125.8
Other comprehensive loss, net of tax:						
Foreign currency translation	(24.3)	(25.0)	(25.0)	(21.8)	71.8	(24.3)
Net actuarial gain on defined benefit plans	1.8	1.8	1.8	1.1	(4.7)	1.8
Losses on defined benefit plans recognized in net income	0.4	0.4	0.4	—	(0.8)	0.4
Other comprehensive loss, net of tax	(22.1)	(22.8)	(22.8)	(20.7)	66.3	(22.1)
Comprehensive income	103.3	102.6	166.1	17.6	(285.9)	103.7
Less comprehensive income attributable to noncontrolling interest	—	—	—	0.4	—	0.4
Comprehensive income attributable to stockholders	$ 103.3	102.6	166.1	17.2	(285.9)	103.3
For the year ended December 31, 2014						
Net income	$ 72.9	72.9	86.4	37.6	(196.5)	73.3
Other comprehensive loss, net of tax:						
Foreign currency translation	(23.9)	(23.5)	(23.5)	(22.2)	69.2	(23.9)
Net actuarial loss on defined benefit plans	(8.0)	(8.0)	(8.0)	(4.7)	20.7	(8.0)
Other comprehensive loss, net of tax	(31.9)	(31.5)	(31.5)	(26.9)	89.9	(31.9)
Comprehensive income	41.0	41.4	54.9	10.7	(106.6)	41.4
Less comprehensive income attributable to noncontrolling interest	—	—	—	0.4	—	0.4
Comprehensive income attributable to stockholders	41.0	41.4	54.9	10.3	(106.6)	41.0

Condensed Consolidating Statem ents of Cash Flows
(In millions)

	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
For the year ended December 31, 2016						
Cash flows from operating activities:						
Net cash provided by (used for) operating activities	$ 5.6	(68.4)	295.1	86.3	—	318.6
Cash flows from investing activities:						
Capital expenditures	—	(1.6)	(134.5)	(58.4)	—	(194.5)
Proceeds from sale of fixed assets	—	—	0.1	0.4	—	0.5
Capitalized patent costs	—	—	(0.2)	—	—	(0.2)
Acquisition of business, net of cash acquired	—	—	(14.0)	—	—	(14.0)
Intercompany activity	42.0	116.5	—	—	(158.5)	-
Net cash provided by (used for) investing activities	42.0	114.9	(148.6)	(58.0)	(158.5)	(208.2)
Cash flows from financing activities:						
Dividends	(25.1)	—	—	—	—	(25.1)
Stock-based compensation activity, net	7.0	—	—	—	—	7.0
Purchases of treasury stock	(29.5)	—	—	—	—	(29.5)
Payments on long-term debt	—	(13.2)	—	—	—	(13.2)
Other debt, net	—	—	(1.3)	(0.1)	—	(1.4)
Intercompany activity	—	—	(155.1)	(3.4)	158.5	—
Net cash provided by (used for) financing activities	(47.6)	(13.2)	(156.4)	(3.5)	158.5	(62.2)
Effect of exchange rates	—	—	—	(6.7)	—	(6.7)
Net increase (decrease) in cash and cash equivalents	$ —	33.3	(9.9)	18.1	—	41.5
Cash and cash equivalents:						
Cash and cash equivalents, beginning of year	—	50.5	10.8	106.9	—	168.2
Net increase (decrease) in cash and cash equivalents	—	33.3	(9.9)	18.1	—	41.5
Cash and cash equivalents, end of year	$ —	83.8	0.9	125.0	—	209.7
For the year ended December 31, 2015						
Cash flows from operating activities:						
Net cash provided by (used for) operating activities	$ 8.6	(58.6)	319.5	60.5	—	330.0
Cash flows from investing activities:						
Capital expenditures	—	(2.0)	(171.7)	(52.6)	—	(226.3)
Proceeds from sale of fixed assets	—	—	3.8	0.2	—	4.0
Capitalized patent costs	—	—	(0.4)	—	—	(0.4)
Intercompany activity	8.3	134.2	—	—	(142.5)	—
Net cash provided by (used for) investing activities	8.3	132.2	(168.3)	(52.4)	(142.5)	(222.7)
Cash flows from financing activities:						
Dividends	(18.2)	—	—	—	—	(18.2)
Stock-based compensation activity, net	1.4	—	—	—	—	1.4
Borrowings of revolving lines of credit	—	14.3	—	—	—	14.3
Repayments of revolving lines of credit	—	(14.3)	(0.3)	—	—	(14.6)
Proceeds from long-term debt	—	1,326.6	—	—	—	1,326.6
Payments on long-term debt	—	(1,391.6)	(0.2)	—	—	(1,391.8)
Other debt, net	—	—	(3.0)	(0.7)	—	(3.7)
Payment of debt issue costs	—	(0.1)	—	—	—	(0.1)
Payment of offering related costs	(0.1)	—	—	—	—	(0.1)
Intercompany activity	—	(10.2)	(140.2)	7.9	142.5	—
Net cash provided by (used for) financing activities	(16.9)	(75.3)	(143.7)	7.2	142.5	(86.2)
Effect of exchange rates	—	—	—	(9.4)	—	(9.4)
Net increase (decrease) in cash and cash equivalents	$ —	(1.7)	7.5	5.9	—	11.7
Cash and cash equivalents:						
Cash and cash equivalents, beginning of year	$ —	52.2	3.3	101.0	—	156.5
Net increase (decrease) in cash and cash equivalents	—	(1.7)	7.5	5.9	—	11.7
Cash and cash equivalents, end of year	$ —	50.5	10.8	106.9	—	168.2

Co ndensed Consolidating Statements of Cash Flows (Continued)
(In millions)

	Parent	Issuer	Guarantor	Non-Guarantor	Eliminations	Consolidated
For the year ended December 31, 2014						
Cash flows from operating activities:						
Net cash provided by (used for) operating activities	$ 12.0	2.7	205.5	85.2	—	305.4
Cash flows from investing activities:						
Capital expenditures	—	—	(116.8)	(39.6)	—	(156.4)
Proceeds from sale of fixed assets	—	—	0.5	0.9	—	1.4
Capitalized patent costs	—	—	(0.2)	—	—	(0.2)
Grede Transaction, net of cash acquired	—	—	(812.6)	(17.1)	—	(829.7)
Intercompany activity	(6.4)	(1,858.6)	—	—	1,865.0	—
Net cash used for investing activities	(6.4)	(1,858.6)	(929.1)	(55.8)	1,865.0	(984.9)
Cash flows from financing activities:						
Cash dividends	—	—	(111.3)	—	—	(111.3)
Other stock activity	—	—	(2.4)	—	—	(2.4)
Proceeds from stock issuance	—	—	244.8	15.7	—	260.5
Borrowings of short-term debt	—	—	388.8	—	—	388.8
Repayments of short-term debt	—	—	(405.1)	(2.3)	—	(407.4)
Proceeds of long-term debt	—	1,943.3	715.0	—	—	2,658.3
Principal payments of long-term debt	—	(10.0)	(1,942.0)	—	—	(1,952.0)
Intercompany activity	—	—	1,865.0	—	(1,865.0)	—
Payment of debt issue costs	—	(25.2)	(20.2)	—	—	(45.4)
Other debt, net	—	—	(6.4)	(0.4)	—	(6.8)
Payment of offering related costs	(5.6)	—	—	—	—	(5.6)
Net cash provided by (used for) financing activities	(5.6)	1,908.1	726.2	13.0	(1,865.0)	776.7
Effect of exchange rates	—	—	—	(8.9)	—	(8.9)
Net increase in cash and cash equivalents	$ —	52.2	2.6	33.5	—	88.3
Cash and cash equivalents:						
Cash and cash equivalents, beginning of year	$ —	—	0.7	67.5	—	68.2
Net increase in cash and cash equivalents	—	52.2	2.6	33.5	—	88.3
Cash and cash equivalents, end of year	$ —	52.2	3.3	101.0	—	156.5

(25) Subsequent Events

On February 24, 2017, our board of directors declared a dividend of $0.0925 per share, payable March 24, 2017 to stockholders of record as of March 10, 2017.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOU NTANTS ON ACCOUNTING AND FINANCIAL DIS CLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of December 31, 2016. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that, as of December 31, 2016, the Company's internal control over financial reporting was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2016 as stated in its report which is included in "Item 9A. Controls and Procedures" of this 10-K.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended December 31, 2016, that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Metaldyne Performance Group Inc.
Southfield, MI

We have audited the internal control over financial reporting of Metaldyne Performance Group Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting* . Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2016 of the Company and our report dated March 2, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Detroit, MI
March 2, 2017

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

The information regarding the Company's equity compensation plans in Item 5 “Market for Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities” of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 will be provided in accordance with Instruction G(3) to Form 10-K no later than May 1, 2017.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

1. Financial Statements

Financial statements filed as part of this Form 10-K are listed under "Item 8. Financial Statements and Supplemental Data."

2. Financial Statement Schedules

Schedules Omitted

Schedules other than Schedule II are omitted because they are not required or applicable under instructions contained in Regulation S-X or because the information called for is shown in the financial statements and notes thereto.

Schedule II: Valuation and Qualifying Accounts

	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts (1)	Deductions	Balance at end of period
			(In millions)		
Allowances on Accounts Receivable					
Year ended December 31, 2016	$ 11.5	11.3	1.0	(14.7)	9.1
Year ended December 31, 2015	8.0	20.8	(0.1)	(17.2)	11.5
Year ended December 31, 2014	9.0	5.1	2.0	(8.1)	8.0
Valuation allowance for deferred tax assets					
Year ended December 31, 2016	$ 11.8	3.5	(0.1)	—	15.2
Year ended December 31, 2015	11.9	2.5	(1.5)	(1.1)	11.8
Year ended December 31, 2014	7.1	4.7	(0.1)	0.2	11.9

(1) Includes purchase accounting adjustment to record accounts at fair value.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

Signat ures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 6, 2017.

METALDYNE PERFORMANCE GROUP INC.
(Registrant)

By: /s/ George Thanopoulos
George Thanopoulos, Chief Executive Officer

Pursuant to the requirements of the Securities exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ George Thanopoulos George Thanopoulos	Chief Executive Officer and Director (Principal Executive Officer)	March 6, 2017
/s/ Mark Blaufuss Mark Blaufuss	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 6, 2017
/s/ Kevin Penn Kevin Penn	Director	March 6, 2017
/s/ Nick Bhambri Nick Bhambri	Director	March 6, 2017
/s/ Loren Easton Loren Easton	Director	March 6, 2017
/s/ Michael Fisch Michael Fisch	Director	March 6, 2017
/s/ William Jackson William Jackson	Director	March 6, 2017
/s/ John Pearson Smith John Pearson Smith	Director	March 6, 2017
/s/ Jeffrey Stafeil Jeffrey Stafeil	Director	March 6, 2017

3. Exhib it Index

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of July 31, 2014, by and among Metaldyne Performance Group Inc., Grede Merger Sub, LLC, Metaldyne Merger Sub, Inc. and HHI Merger Sub, Inc., ASP Grede Intermediate Holdings LLC, ASP MD Holdings, Inc. and ASP HHI Holdings, Inc. and ASP Grede Holdings LLC (incorporated by reference from Exhibit 2.1 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1 (File No. 333-198316) filed August 22, 2014).
2.2	Agreement and Plan of Merger, dated as of November 3, 2016, by and among Metaldyne Performance Group Inc., American Axle Manufacturing Holdings, Inc. and Alpha SPV I, Inc. † (incorporated by reference from Exhibit 2.1 to the Metaldyne Performance Group Inc. Current Report on Form 8-K (File No. 001-36774) filed November 3, 2016).
2.3	Voting Agreement, dated as of November 3, 2016, by and between American Axle Manufacturing Holdings, Inc. and ASP MD Investco LP (incorporated by reference from Exhibit 2.2 to the Metaldyne Performance Group Inc. Current Report on Form 8-K (File No. 001-36774) filed November 3, 2016).
3.1	Form of Amended and Restated Certificate of Incorporation of Metaldyne Performance Group Inc. (incorporated by reference from Exhibit 3.1 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 1, 2014).
3.2	Form of Amended and Restated Bylaws of Metaldyne Performance Group Inc. (incorporated by reference from Exhibit 3.2 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 1, 2014).
4.1	Form of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 4, 2014).
4.2	Indenture, dated as of October 20, 2014, among the MPG Holdco I Inc., Metaldyne Performance Group Inc., the subsidiary guarantors party thereto and Wilmington Trust National Association, as trustee (incorporated by reference from Exhibit 4.2 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
4.3	Form of 7.375% Note (included in Exhibit 4.2).
4.4	First Supplemental Indenture, dated as of January 29, 2015, between Grede LLC and Wilmington Trust National Association, as trustee (incorporated by reference from Exhibit 4.4 to the Metaldyne Performance Group Inc. Annual Report on Form 10-K (File No. 001-36774) filed on March 16, 2015).
4.5	Registration Rights Agreement, dated as of October 20, 2014, among MPG Holdco I Inc., the guarantors party thereto and Deutsche Bank Securities Inc., Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several initial purchasers listed therein (incorporated by reference from Exhibit 4.4 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed November 14, 2014).
10.1	Credit Agreement, dated as of October 20, 2014, among MPG Holdco I Inc., as the borrower, Metaldyne Performance Group Inc., certain subsidiaries from time to time party thereto, as subsidiary guarantors, Goldman Sachs Bank USA, as administrative agent, and the other financial institutions party thereto (incorporated by reference from Exhibit 10.1 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.2	Stockholders' Agreement, dated as of August 4, 2014, by and among Metaldyne Performance Group Inc., ASP MD Investco LP, ASP HHI Investco LP, ASP Grede Investco LP and the minority investors identified therein (incorporated by reference from Exhibit 10.2 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1 (File No. 333-198316) filed August 22, 2014).
10.3	Employment Agreement, effective August 4, 2014, by and between Metaldyne Performance Group Inc. and George Thanopoulos (incorporated by reference from Exhibit 10.3 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1 (File No. 333-198316) filed August 22, 2014).
10.4	Employment Agreement, effective August 4, 2014, by and between Metaldyne Performance Group Inc. and Mark Blaufuss (incorporated by reference from Exhibit 10.4 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).

Exhibit Number	Description
10.5	Employment Agreement, effective August 4, 2014, by and between Metaldyne Performance Group Inc. and Thomas Amato (incorporated by reference from Exhibit 10.5 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1 (File No. 333-198316) filed August 22, 2014).
10.6	Employment Agreement, effective August 4, 2014, by and between Metaldyne Performance Group Inc. and Douglas Grimm (incorporated by reference from Exhibit 10.6 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1 (File No. 333-198316) filed August 22, 2014).
10.7	Form of Director and Officer Indemnification Agreement (incorporated by reference from Exhibit 10.7 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 1, 2014).
10.8	2014 Equity Incentive Plan (incorporated by reference from Exhibit 10.8 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 1, 2014).
10.9	Annual Bonus Plan (incorporated by reference from Exhibit 10.9 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 1, 2014).
10.10A	Form of NEO Restricted Stock Agreement (incorporated by reference from Exhibit 10.10A to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 4, 2014).
10.10B	Form of CFO Restricted Stock Agreement (incorporated by reference from Exhibit 10.10B to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 4, 2014).
10.10C	Form I of Restricted Stock Agreement (incorporated by reference from Exhibit 10.10C to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 4, 2014).
10.10D	Form II of Restricted Stock Agreement (incorporated by reference from Exhibit 10.10D to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed December 4, 2014).
*10.10E	Form of Restricted Stock Unit Agreement.
*10.10F	Form of Nonqualified Stock Option Agreement.
10.11	ASP HHI Holdings, Inc. Stock Option Plan (incorporated by reference from Exhibit 10.11 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.12	ASP MD Holdings, Inc. Stock Option Plan Plan(incorporated by reference from Exhibit 10.12 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.13	ASP Grede Intermediate Holdings LLC 2014 Unit Option Plan (incorporated by reference from Exhibit 10.13 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.14	Nonqualified Stock Option Agreement (Replacement Option; Tranche A), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and Thomas A. Amato (incorporated by reference from Exhibit 10.14 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed November 14, 2014).
10.15	Nonqualified Stock Option Agreement (Replacement Option; Tranche B), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and Thomas A. Amato (incorporated by reference from Exhibit 10.15 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed November 14, 2014).
10.16	Nonqualified Stock Option Agreement (Replacement Option), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and Mark Blaufuss (incorporated by reference from Exhibit 10.16 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.17	Nonqualified Stock Option Agreement (Replacement Option), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and Douglas J. Grimm (incorporated by reference from Exhibit 10.17 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.18	Nonqualified Stock Option Agreement (Replacement Option), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and George Thanopoulos (incorporated by reference from Exhibit 10.18 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).

Exhibit Number	Description
10.19	Form of Nonqualified Stock Option Agreement (10% Grant; Common Share Equivalent) (incorporated by reference from Exhibit 10.19 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.20	Form of Nonqualified Stock Option Agreement (10% Grant; Option Equivalent) (incorporated by reference from Exhibit 10.20 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.21	Nonqualified Stock Option Agreement (HHI True-Up; Common Share Equivalent), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and George Thanopoulos (incorporated by reference from Exhibit 10.21 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.22	Nonqualified Stock Option Agreement (HHI True-Up; Option Equivalent), dated as of August 4, 2014, between Metaldyne Performance Group Inc. and George Thanopoulos (incorporated by reference from Exhibit 10.22 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 29, 2014).
10.23	Lease dated January 23, 2002 by and between Kojaian MD North Vernon, L.L.C., as landlord, and Metaldyne Sintered Components of Indiana, Inc., as tenant (incorporated by reference from Exhibit 10.23 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.24	Lease Agreement, dated as of December 29, 2009, between Dyne (DE) LP, as landlord, and Metaldyne Powertrain Components, Inc., as tenant (incorporated by reference from Exhibit 10.24 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.25	First Amendment, dated May 31, 2012, to Lease Agreement between Dyne (DE) LP, as landlord, and Metaldyne Powertrain Components, Inc, as tenant (incorporated by reference from Exhibit 10.25 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.26	Lease Contract, dated September 6, 2005, between Suzhou Fangzheng Construction Development Company Ltd, as lessor, and Metaldyne, LLC, as lessee (incorporated by reference from Exhibit 10.26 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.27	Commercial Lease, dated June 26, 2012, between Societe Civile Immobiliere Franklin Roosevelt, as lessor, and Metaldyne International France, as lessee (incorporated by reference from Exhibit 10.27 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.28	Lease, dated August 7, 2008, 2509 Hayes LLC, as landlord, and Kyklos Bearing International, Inc., as tenant (incorporated by reference from Exhibit 10.28 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed October 7, 2014).
10.29	Security Agreement, dated as October 20, 2014, among MPG Holdco I Inc., as the borrower, the guarantors from time to time party thereto and Goldman Sachs Bank USA, as collateral agent (incorporated by reference from Exhibit 10.29 to the Metaldyne Performance Group Inc. Registration Statement on Form S-1/A (File No. 333-198316) filed November 14, 2014).
10.30	First Refinancing Amendment to Credit Agreement, dated as of May 8, 2015, among the Borrower, the Company, certain subsidiaries of the Borrower from time to time party thereto as subsidiary guarantors, Goldman Sachs Bank USA, as administrative agent, and the other financial institutions party thereto, as lenders (incorporated by reference from Exhibit 10.1 to the Metaldyne Performance Group Inc. Current Report on Form 8-K (File No. 001-36774) filed May 12, 2015).
10.31	Separation Agreement and General Release, dated as of December 17, 2015, by and between Metaldyne Performance Group Inc. and Thomas Amato (incorporated by reference from Exhibit 10.31 to the Metaldyne Performance Group Inc. Annual Report on Form 10-K (File No. 001-36774) filed February 29, 2016).
*10.32	Metaldyne Performance Group Inc. Change in Control Severance Plan.
*21.1	Subsidiaries of the Registrant.
*23.1	Consent of Deloitte & Touche LLP, an independent registered public accounting firm.
*23.2	Consent of KPMG LLP, an independent registered public accounting firm.
*31.1	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer.
*31.2	Rule 13a-14(a)/15d-14(a) Certification by Principal Financial Officer.

Exhibit Number	Description
*32	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.

EXHIBIT 10.10E

METALDYNE PERFORMANCE GROUP INC.
2014 Equity Incentive Plan
Restricted Stock Unit Award Agreement

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the " Agreement ") is entered into as of _______ (the " Grant Date ") between Metaldyne Performance Group Inc., a Delaware corporation (the " Company "), and ________ (the " Participant ").

A. The Company has adopted the Metaldyne Performance Group Inc. 2014 Equity Incentive Plan, as it may be amended from time to time (the " Plan "), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms used but not defined herein shall have the meaning set forth in the Plan. For purposes of this Agreement, " Employer " means the entity (the Company or Subsidiary) that employs the Participant.

B. The Board has determined that it would be in the best interests of the Company and its stockholders to grant Restricted Stock Units subject to certain restrictions and vesting requirements.

THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Company and the Participant agree as follows:

Section 1. Restricted Stock Unit Award .

(a) Grant . The Board of Directors of the Company (the " Board ") hereby grants to the Participant on the Grant Date, ________Restricted Stock Units subject to the terms and conditions set forth in this Agreement, the Stockholders' Agreement, dated as of August 4, 2014, among the Company, the Participant and certain other stockholders of the Company (as it may be amended from time to time, the " Stockholders' Agreement ") and the Plan.

(b) Nature of Restricted Stock Units . Until such time (if any) as shares of Common Stock are delivered to the Participant in settlement of the Restricted Stock Units, the Participant will not have any of the rights of a common stockholder of the Company with respect to those shares of Common Stock. The Participant's rights with respect to the Restricted Stock Units and the underlying shares of Common Stock will be those of a general creditor of the Company. Without limiting the generality of the foregoing, the Participant shall have no voting rights with respect to the Restricted Stock Units.

(c) Dividend Equivalents . If any cash dividends or other distributions are paid with respect to the shares of Common Stock underlying the Restricted Stock Units, then, subject to Section 9.4 of the Plan, a dividend equivalent equal to the amount of the dividend or distribution paid on shares of Common Stock shall accumulate, without interest, and be paid with respect to the shares of Common Stock underlying the Restricted Stock Units on the date on which such respective portion of the Restricted Stock Units are settled in accordance with Section 4 hereof. Any such dividend equivalents shall vest or be forfeited at the same time as the Restricted Stock Units to which they relate.

(d) Stockholders' Agreement . The Participant hereby (i) agrees and acknowledges that the Participant has received and read a copy of the Stockholders' Agreement and (ii) agrees that, if the Participant was not a party thereto prior to the Grant Date, then by execution of this Agreement, the Participant shall become, effective as of the Grant Date, a party to the Stockholders' Agreement with respect to all shares of Common Stock beneficially owned by the Participant both before and after the Grant Date, and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders' Agreement as though an original party thereto, and shall be deemed, and is hereby admitted as, an "Additional Management Investor" for all purposes thereof.

Section 2. Vesting of Restricted Stock Units .

(a) General . Subject to Section 2(b) below, one third (1/3) of the number of Restricted Stock Units shall vest on each of the first three anniversaries of the Grant Date (each, a " Vesting Date "), subject to the Participant's continued Service through and including the applicable Vesting Date. Any Restricted Stock Units, together with any other assets or securities in respect of such Restricted Stock Units (*e.g.* , dividend equivalents) that remain unvested as of the Participant's termination of Service for any reason (the " Unvested Restricted Stock Units "), after application of Section 2(b) shall be forfeited upon the Participant's termination of Service.

(b) Death; Disability . Upon the Participant's termination of Service by reason of death or Disability prior to any Vesting Date, the Participant shall vest in a pro rata portion of the Restricted Stock Units equal to the product (rounded to the nearest whole share) of (i) the number of Restricted Stock Units scheduled to vest as of the next applicable Vesting Date and (ii) a fraction, the numerator of which is the number of calendar days that have elapsed since the preceding Vesting Date (or, if none of the Vesting Dates has occurred, then the Grant Date) and the denominator of which is the number of calendar days from the Grant Date to the preceding Vesting Date (or, if none of the Vesting Dates has occurred, then the Grant Date).

(c) Termination for Cause . All Restricted Stock Units, whether vested or unvested, together with any other assets or securities in respect of such Restricted Stock Units (*e.g.* , dividend equivalents), whether vested or unvested, shall be forfeited without payment therefor in the event of the Participant's termination of Service by the Employer for Cause, whether such termination occurs on, prior to, or after any Vesting Date.

Section 3. Adjustment of Shares . In the event of any change with respect to the outstanding shares of Common Stock of the Company, the Restricted Stock Units may be adjusted in accordance with Section 4.5 of the Plan.

Section 4. Settlement .

(a) Within thirty (30) days following each Vesting Date, the Participant will receive for each Restricted Stock Unit that vests as of such date one share of Common Stock. No fractional shares of Common Stock shall be delivered; the Company shall pay cash in respect of any fractional share of Common Stock. The form of any delivery of shares of Common Stock (*e.g.* , a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) Notwithstanding Section 4(a), if the Participant is resident or employed outside of the United States (" U.S. "), the Company, in its sole discretion, may provide for the settlement of the Restricted Stock Units in the form of:

(i) a cash payment (in an amount equal to the Fair Market Value of the Common Stock that corresponds with the number of vested Restricted Stock Units) to the extent that settlement in shares of Common Stock (A) is prohibited under local law, (B) would require the Participant, the Company or a Subsidiary to obtain the approval of any governmental or regulatory body in the Participant's country of residence (or country of employment, if different), (C) would result in adverse tax consequences for the Participant, the Company or a Subsidiary or (D) is administratively burdensome; or

(ii) shares of Common Stock, but require the Participant to sell such shares of Common Stock immediately or within a specified period following the Participant's termination of Service (in which case, the Participant hereby agrees that the Company shall have the authority to issue sale instructions in relation to such shares of Common Stock on the Participant's behalf).

Section 5. Responsibility for Taxes; Tax Withholding .

(a) The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and legally applicable to the Participant (" Tax-Related Items "), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividend equivalents or dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company, the Employer or agent of the Company or Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company or the Employer; (ii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); or (iii) withholding from the shares of Common Stock to be delivered upon settlement of the Restricted Stock Units that number of shares of Common Stock having a Fair Market Value equal to (but not in excess of) the minimum amount required by law to be withheld.

(c) Depending on the withholding method, the Company may withhold or account for Tax- Related Items by considering applicable statutory minimum withholding rates (as determined by the Company in good faith and in its sole discretion) or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the share equivalent. If the obligation for Tax-Related Items is satisfied by withholding from the shares of Common Stock to be delivered upon settlement of the Restricted Stock Units, for tax purposes, the Participant is deemed to have been issued the full number of shares of Common Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

Section 6. Non-Competition; Non-Solicitation .

(a) The following provisions of this Section 6 will apply to the Participant during any time period applicable hereunder and will be in addition to any other non-compete, non-solicit or other similar agreement with the Company or any of its Subsidiaries or affiliates (as used in this Section 6, the " Company Group ").

(b) The Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company Group and accordingly agrees as follows (the " Protective Agreements "):

(i) During the term of Service of the Participant with the Company Group (" Service Term ") and, for the one (1) year period following the date the Participant ceases to be employed by the Company Group for any reason (the " Restricted Period "), the Participant will not, whether on the Participant's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit, divert, or attempt to solicit or divert from the Company Group any work or business related to the nature of the business of the Company Group from any Customer (as defined below) of the Company Group, except to the extent required in order to carry out the Participant's duties and obligations to the Company Group, (B) request, induce or advise any such Customer to withdraw, decrease or cancel any business with the Company Group or (C) contact, solicit, or interfere with any Person who provides products or services to the Company Group for the purpose of causing such Person to cease providing such products or services to the Company Group. For purposes of this Section 6, a " Customer " means any Person or business (y) that the Participant has actually sold or delivered any Company Group services or products to, or to which the Participant has been exposed through Company Group meetings or marketing efforts, and (z) that the Participant has contacted, orally, in writing or in person, to solicit, sell and/or deliver Company Group services or products to, or to which the Participant has been exposed through Company Group meetings or marketing efforts, in each case during the twelve (12) months preceding the date of the Participant's termination from the Company Group's employ.

(ii) During the Service Term and the Restricted Period, the Participant will not directly or indirectly work for or provide consulting, financial or other services to, engage in, conduct, manage or operate, or acquire or own any capital stock of or other equity interest in, any Person or business anywhere in the world that competes with the business of the Company Group (including, without limitation, businesses which the Company Group have specific plans to conduct in the future and of which the Participant is aware) (a " Competitive Business "); provided that nothing in this Section 6(b)(ii) will be deemed to prohibit the acquisition or holding of not more than 2% of the shares or other securities of a publicly traded entity involved in a Competitive Business as long the Participant is not an employee, officer, director, consultant, independent contractor, or agent of, or otherwise providing services to, directly or indirectly, such entity and is not a controlling person of, or a member of a group which controls, such entity.

(iii) During the Restricted Period, the Participant will not, whether on the Participant's own behalf or on behalf of or in conjunction with any Person, directly or indirectly,

(A) employ, engage or retain any individual who is an employee, consultant or independent contractor of the Company Group during such Restricted Period, or had been an employee, consultant or independent contractor of the Company Group within six (6) months prior to the last day of the Service Term or

(B) solicit, induce or persuade in any way any such individual to terminate or modify his or her employment or service relationship with the Company Group.

(c) Participant agrees that the covenants set forth in this Section 6 are reasonable covenants under the circumstances, and further agrees that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court will have the right, power and authority to excise or modify such provision or provisions of these covenants as such court will deem necessary to cause the provisions hereof (as modified) to be valid and enforceable and to enforce the remainder of the covenants as so amended. Participant agrees that any breach of any covenant contained in this Section 6 would irreparably injure the Company. Accordingly, Participant agrees that the Company, in addition to pursuing any other remedies it may have in law or in equity, will be entitled to a decree or order of specific performance and an injunction against Participant from any court having jurisdiction over the matter restraining any further violation of this Section 6 without proof of actual damages.

(d) If the Participant breaches the non-competition or non-solicitation terms of the Protective Agreements, any settlement, payment or delivery made pursuant to this Agreement during the one (1) year period prior to the breach of the Protective Agreements will be rescinded. The Company will notify the Participant in writing of any such rescission within ninety (90) days of the date it acquires actual knowledge of such breach. Within ten (10) days after receiving such a notice from the Company, the Participant will pay to the Company the amount of any gain realized or payment received as a result of the settlement, payment or delivery pursuant to this Agreement. Such payment will be made either in cash or by returning to the Company the number of shares of Common Stock that the Participant received in connection with the rescinded settlement, payment or delivery.

Section 7. Miscellaneous Provisions

(a) Registration . The Company may, but shall not be obligated, to register or qualify the underlying shares of Common Stock under the Securities Act of 1933, as amended, or any other applicable law, except, solely to the extent required under the Stockholders' Agreement.

(b) Not a Public Offering . If the Participant is resident or employed outside the U.S., neither the grant of the Restricted Stock Units under the Plan nor the delivery of shares of Common Stock upon settlement of the Restricted Stock Units is intended to be a public offering of securities in the Participant's country of residence (or country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

(c) Additional Restrictions . The Restricted Stock Units are subject to such additional restrictions as are set forth in the Stockholders' Agreement and any employment or consulting agreement between the Participant and the Company or any Subsidiary or affiliate, as well as such other restrictions upon the sale, pledge or other transfer of such shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions), that in the judgment of the Company, are necessary or desirable in order to achieve compliance with the Securities Act or the securities laws of any state or any other law.

(d) Insider Trading/Market Abuse Laws . The Participant's country of residence may have insider trading and/or market abuse laws that may affect the Participant's ability to acquire or sell shares of Common Stock under the Plan during such times the Participant is considered to have "inside information" (as defined in the laws in the Participant's country). These laws may be the same or different from any Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to be informed of and compliant with such regulations, and the Participant is advised to speak to the Participant's personal advisor on this matter.

(e) Repatriation; Compliance with Law . If the Participant is resident or employed outside the U.S., as a condition of the grant of Restricted Stock Units, the Participant agrees to repatriate all payments attributable to the shares of Common Stock and/or cash acquired under the Plan in accordance with applicable foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and its Subsidiaries and affiliates, as may be required to allow the Company and its Subsidiaries and affiliates to comply with local laws, rules and/or regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal obligations under local laws, rules and/or regulations in the Participant's country of residence and country of employment, if different).

(f) Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents that the Company may deem necessary or advisable to carry out or affect one or more of the obligations or restrictions imposed on either the Participant or the Restricted Stock Units pursuant to the provisions of this Agreement or to comply with applicable laws.

(g) No Advice Regarding Grant. No employee of the Company or any Subsidiary is permitted to advise the Participant regarding participation in the Plan or the Participant's acquisition or sale of the shares of Common Stock underlying the Restricted Stock Units. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors before taking any action related to the Plan.

(h) Securities Laws Requirements. No shares of Common Stock will be issued or transferred pursuant to this Agreement unless and until all then applicable requirements imposed by U.S. Federal and state securities and other laws, rules and regulations (including non-U.S. laws, rules and regulations) and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares of Common Stock pursuant to this Agreement, the Company may require the Participant to take any reasonable action to meet such requirements. The Board may impose such conditions on any shares of Common Stock issuable pursuant to this Agreement as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Board may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares.

(i) Non-transferability. No Restricted Stock Units may be transferred, assigned, pledged or hypothecated by the Participant during the Participant's lifetime.

(j) Nature of the Grant. In accepting the grant of Restricted Stock Units, the Participant acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and limited in duration, and it may be modified, amended, suspended or terminated by the Company, in its sole discretion, at any time;

(ii) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(iii) all decisions with respect to future grants of Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of the grant, the number of shares of Common Stock subject to the grant, and the vesting provisions applicable to the grant;

(iv) the grant of Restricted Stock Units and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Participant's Employer, or any Subsidiary or affiliate of the Company and shall not interfere with the ability of the Employer to terminate the Participant's employment or Service relationship;

(v) the Participant is voluntarily participating in the Plan;

(vi) the Restricted Stock Units and the shares of Common Stock (or cash) subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(vii) the Restricted Stock Units, the shares of Common Stock (or cash) subject to the Restricted Stock Units and the value of same, are extraordinary items of compensation outside the scope of the Participant's employment (and employment contract, if any) and are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(viii) the future value of the shares of Common Stock underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted with certainty;

(ix) unless otherwise determined by the Board in its sole discretion, a termination of Service shall be effective from the date on which active employment or Service ends and shall not be extended by any statutory or common law notice of termination period; the Board shall have the exclusive discretion to determine when a termination of Service occurs for purposes of this grant of Restricted Stock Units;

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from a termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company, the Employer or any affiliate of the Company, waive the Participant's ability, if any, to bring any such claim, and releases the Company, the Employer and all affiliates of the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(xi) unless otherwise provided herein, in the Plan or by the Company in its discretion, the grant of Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Company's shares of Common Stock; and

(xii) neither the Company, the Employer, nor any affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any shares of Common Stock acquired upon settlement of the Restricted Stock Units.

(k) Consent to Collection/Processing/Transfer of Personal Data . Pursuant to applicable personal data protection laws, the Company hereby notifies the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and participation in the Plan. The collection, processing and transfer of personal data is necessary for the Company's administration of the Plan and the Participant's participation in the Plan, and although the Participant has the right to deny or object to the collection, processing and transfer of personal data, the Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein:

(i) The Company and the Employer hold certain personal information about the Participant, including (but not limited to) the Participant's name, home address and telephone number, date of birth, social security number (resident registration number) or other employee identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all entitlements to shares of Common Stock (or cash) awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from the Company, its affiliates and/or third parties, and the Company and the Employer will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant's country of residence (or country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the participation in the Plan.

(ii) The Company and the Employer will transfer Data internally as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and/or Employer may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The third party recipients of Data may be any affiliate of the Company or a broker/administrator that the Company may engage to assist with the implementation, administration and management of the Plan from time to time. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, as may be required for the administration of the Plan and/or the subsequent holding of the shares of Common Stock on the Participant's behalf, to a broker or other third party with whom the Participant may elect to deposit any shares of Common Stock (or cash) acquired pursuant to the Plan. The Company, the Employer and any third party recipient of the Data will use, process and store the Data only to the extent they are necessary for the purposes described above.

(iii) The Participant may, at any time, exercise the Participant's rights provided under applicable personal data protection laws, which may include the right to (A) obtain confirmation as to the existence of the Data, (B) verify the content, origin and accuracy of the Data, (C) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data, (D) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Participant's participation in the Plan, and (E) withdraw the Participant's consent to the collection, processing or transfer of Data as provided hereunder (in which case, the Restricted Stock Units will become null and void). The Participant may seek to exercise these rights by contacting the Participant's local Human Resources office.

(l) Transfer Restrictions. Any shares of Common Stock delivered hereunder shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under the Plan or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such shares are listed, and any applicable U.S. Federal, state or non-U.S. laws, and the Board may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

(m) Notification . Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the U.S. Postal Service, by registered or certified mail, or with FedEx, with postage and fees prepaid. A notice shall be addressed to the Company's Secretary at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

(n) Section 280G Cutback . Notwithstanding anything in this Agreement to the contrary, if any payments or benefits (including without limitation, any accelerated vesting of equity awards) Participant would receive pursuant to this Agreement or otherwise would constitute a "parachute payment" within the meaning of Section 280G of the Code (each, a " Payment " and collectively, the " Payments "), the Payments shall be reduced by the minimum possible amount necessary such that no amounts payable to the Participant shall constitute a "parachute payment." All determinations required to be made under this Section 7(n) including whether any Payment is a "parachute payment" and whether and to what extent a reduction in any Payments is required and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm designated by the Company (the " Accounting Firm "). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Participant. Any determination by the Accounting Firm shall be binding upon the Participant and the Company. If a reduction in any Payments is required under this Section 7(n), the reduction will occur in the following order: first, by reduction of cash payments; second, by cancellation of accelerated vesting of equity awards; and third, by reduction of other benefits payable to Participant, in each case, in reverse chronological order, beginning with payments or benefits that are to be paid latest.

(o) Addendum to Agreement . Notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as set forth in the addendum to this Agreement (the " Addendum "). Further, if the Participant transfers residence and/or employment to another country, any special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). The Addendum shall constitute part of this Agreement.

(p) Additional Requirements . The Company reserves the right to impose other requirements on the Restricted Stock Units, any shares of Common Stock acquired pursuant to the Restricted Stock Units and the Participant's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

(q) Recoupment . The Restricted Stock Units and any shares of Common Stock issued or other payments made in respect thereof, shall be subject to any recoupment or forfeiture policy as set forth in the Plan or that the Company may adopt from time to time, to the extent any such policy is applicable to the Participant. By accepting the grant of Restricted Stock Units, the Participant agrees and consents to the Company's application, implementation and enforcement of (a) any such recoupment or forfeiture policy and (b) any provision of applicable law relating to cancellation, recoupment, forfeiture, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment or forfeiture policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on the Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold the shares of Common Stock and other amounts acquired under the Plan to re-convey, transfer or otherwise return such shares of Common Stock and/or other amounts to the Company. To the extent that the terms of this Agreement and the recoupment or forfeiture policy conflict, the terms of the recoupment policy shall prevail.

(r) Electronic Delivery . The Company may, in its sole discretion, deliver by electronic means any documents related to the Restricted Stock Units or the Participant's future participation in the Plan. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(s) English Language . If the Participant is resident and/or employed in a country where English is not an official language, the Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the grant of Restricted Stock Units, be drawn up in English. If the Participant has received this Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

(t) Entire Agreement . This Agreement, the Addendum, the Stockholders' Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

(u) Waiver . No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

(v) Successors and Assigns . The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(w) Severability . This Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the remainder of this Agreement. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be deemed severable from the remainder of this Agreement, and the remaining provisions contained in this Agreement shall be construed to preserve to the maximum permissible extent the intent and purposes of this Agreement. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(x) Amendment . Except as otherwise provided in the Plan, this Agreement shall not be amended unless such amendment is agreed to in writing by both the Participant and the Company.

Waivers of or amendments to this Agreement shall be binding as against the Company only if approved by the Board or such committee of the Board appointed by the Board to administer the Plan.

(y) Choice of Law . This Agreement shall be governed by, and construed in accordance with, the laws of Delaware, as such laws are applied to contracts entered into and performed in such jurisdiction, without giving effect to any conflict of laws principles.

(z) Signature in Counterparts . This Agreement may be signed in counterparts, manually, or electronically, and each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

By accepting this grant (as the Participant), I acknowledge and agree that this award of Restricted Stock Units is granted under and governed by the terms of the Metaldyne Performance Group Inc. 2014 Equity Incentive Plan, which is attached to and made a part of this document. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

Intending to be bound, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the Grant Date.

Participant

Metaldyne Performance Group Inc.

Name: Mark Blaufuss
Title: Chief Financial Officer

Addendum to the
Metaldyne Performance Group Inc.
2014 Equity Incentive Plan
Restricted Stock Unit Award Agreement

In addition to the terms of the Plan and the Agreement, the Restricted Stock Units are subject to the following additional terms and conditions to the extent the Participant resides and/or is employed in one of the countries addressed herein. Pursuant to Section 7(o) of the Agreement, if the Participant transfers residence and/or employment to another country reflected in this Addendum, the additional terms and conditions for such country (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms as may be necessary or advisable to accommodate the Participant's transfer). All capitalized terms not defined in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

CANADA

Settlement of Restricted Stock Units in Shares of Common Stock . Notwithstanding anything to the contrary in the Plan, the Agreement and this Addendum, the Participant's Restricted Stock Units shall be settled only in shares of Common Stock and may not be settled in cash.

CHINA

Settlement of Restricted Stock Units in Cash . Notwithstanding any provision in the Agreement to the contrary, if the Participant is a national of the People's Republic of China (" China ") resident in mainland China, pursuant to Section 4(b)(i) of the Agreement, the Restricted Stock Units shall be settled in the form of a cash payment. In such case, the grant of Restricted Stock Units shall not be subject to the terms of the Stockholders' Agreement.

FRANCE

Use of English Language . By accepting the Restricted Stock Units, the Participant confirms having read and understood the Plan and the Agreement, including all terms and conditions included therein, which were provided in the English language. The Participant accepts the terms of those documents accordingly. ***En acceptant cette attribution, le Participant confirme avoir lu et compris le Plan et le Contrat y relatifs, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.***

KOREA

Consent to Collection/Processing/Transfer of Personal Data . By accepting the Restricted Stock Units and executing the Agreement:

1. The Participant agrees to the collection, use, processing and transfer of the data as described in Section 7(k) of the Agreement.

2. The Participant agrees to the processing of the Participant's unique identifying information (resident registration number) as described in Section 7(k) of the Agreement.

MEXICO

1. Commercial Relationship . The Participant expressly recognize that participation in the Plan and the Company's grant of Restricted Stock Units does not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Participant, and the Company's Subsidiary in Mexico is the Participant's sole employer. Based on the foregoing, (a) the Participant expressly recognizes that the Plan and the benefits the Participant may derive from participating in the Plan does not establish any rights between the Participant and the Company's Subsidiary in Mexico that employs the Participant, (b) the Plan and the benefits the Participant may derive from participating in the Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that employs the Participant, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company's Subsidiary in Mexico that employs the Participant.

2. Extraordinary Item of Compensation . The Participant expressly recognizes and acknowledges that participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the Restricted Stock Units and underlying shares of Common Stock is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The grant of Restricted Stock Units is not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs the Participant.

SPAIN

1. Acknowledgement of Discretionary Nature of the Plan; No Vested Rights . This provision supplements the terms of the Agreement:

In accepting the grant of Restricted Stock Units, the Participant acknowledges that the Participant consents to participation in the Plan and has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Restricted Stock Units under the Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the shares of Common Stock acquired upon settlement of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of Restricted Stock Units shall be null and void.

Further, the Participant understands and agrees that the vesting of the Restricted Stock Units is expressly conditioned on the Participant's continued and active rendering of Service, such that upon a termination of Service, the Restricted Stock Units may cease vesting immediately, in whole or in part, effective on the date of the Participant's termination of Service as determined by the Board in its sole discretion (unless otherwise specifically provided in Section 2 of the Agreement). This will be the case, for example, even if (a) the Participant is considered to be unfairly dismissed without good cause; (b) the Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (c) the Participant terminates Service due to a change of work location, duties or any other employment or contractual condition, (d) the Participant terminates Service due to a unilateral breach of contract by the Company or a Subsidiary. Consequently, upon termination of the Participant's Service for any of the above reasons, the Participant may automatically lose any rights to Restricted Stock Units that were not vested on the date of the Participant's termination of Service, as described in the Plan and Agreement.

The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination of Service on the Restricted Stock Units.

2. Termination for Cause . "Cause" shall be defined as indicated in the Plan, irrespective of whether the termination of Service is or is not considered a fair termination (*i.e.* , "despido procedente") under Spanish legislation.

UNITED KINGDOM

1. Responsibility for Taxes; Tax Withholding . The following provision supplements Section 5 of the Agreement:

If payment or withholding of the income tax due in connection with the Restricted Stock Units is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the " Due Date "), the amount of any uncollected income tax shall constitute a loan owed by the Participant to the Employer, effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs (" HMRC "), it shall be immediately due and repayable, and the Company or Employer may recover it at any time thereafter by any of the means referred to in Section 5 of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), will not be eligible for a loan to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by the Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions (" NICs ") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any employee NICs due on this additional benefit.

2. Exclusion of Claim . The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of the Participant's termination of Service (whether such termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

EXHIBIT 10.10F

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this " ***Agreement*** "), dated as of ________ (the " ***Grant Date*** "), is entered into between Metaldyne Performance Group Inc., a Delaware corporation (the " ***Company*** "), and ________ (the " ***Optionee*** ").

A. The Company has adopted the Metaldyne Performance Group Inc. 2014 Equity Incentive Plan, as it may be amended from time to time (the " ***Plan*** "), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan;

B. For purposes of this Agreement, " ***Employer*** " means the entity (the Company or Subsidiary) that employs the Optionee.

C. The Optionee is being granted an option to purchase the number of Company shares of common stock, par value US$0.001 per share (the " ***Shares*** "), listed on the signature page hereto (the " ***Option*** "), on the terms and subject to the conditions set forth in this Agreement and in the Plan; and

D. The Optionee either (i) is a party to the Stockholders' Agreement or (ii) will become a party to the Stockholders' Agreement prior to the exercise of Options.

THEREFORE, in consideration of the premises and of the mutual agreements contained in this Agreement, the Company and the Optionee agree as follows:

1. Definitions . As used in this Agreement, the following terms have the meanings set forth below:

" ***Addendum*** " shall have the meaning ascribed to such term in Section 19 of this Agreement.

" ***Agreement*** " shall have the meaning ascribed to such term in the preamble hereto.

"Company" shall have the meaning ascribed to such term in the preamble hereto.

"Company Group" shall have the meaning ascribed to such term in Section 8(a) of this Agreement.

" ***Competitive Business*** " shall have the meaning ascribed to such term in Section 8(b)(ii) of this Agreement.

" ***Customer*** " shall have the meaning ascribed to such term in Section 8(b)(i) of this Agreement.

" ***Employer,*** " shall have the meaning ascribed to such term in the recitals hereto.

" ***Exercise Notice*** " shall have the meaning ascribed to such term in Section 5(a) of this Agreement.

" ***Exercise Price*** " shall have the meaning ascribed to such term in Section 2(a) of this Agreement.

" ***Grant Date*** " shall have the meaning ascribed to such term in the preamble hereto.

“ ***Option*** ” shall have the meaning ascribed to such term in the recitals hereto.

“ ***Option Shares*** ” shall have the meaning ascribed to such term in Section 2(a) of this Agreement.

“ ***Option Term*** ” shall have the meaning ascribed to such term in Section 3 of this Agreement.

“ ***Optionee*** ” shall have the meaning ascribed to such term in the preamble hereto.

“ ***Person*** ” shall mean any individual, person, entity, general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

“ ***Personal Data*** ” shall have the meaning ascribed to such term in Section 18 of this Agreement.

“ ***Plan*** ” shall have the meaning ascribed to such term in the recitals hereto.

“ ***Protective Agreements*** ” shall have the meaning ascribed to such term in Section 8(b) of this Agreement.

“ ***Restricted Period*** ” shall have the meaning ascribed to such term in Section 8(b)(i) of this Agreement.

“ ***Service Term*** ” shall have the meaning ascribed to such term in Section 8(b)(i) of this Agreement.

“ ***Shares*** ” shall have the meaning ascribed to such term in the recitals hereto.

“ ***Stockholders’ Agreement*** ” means that certain Stockholders’ Agreement, dated as of August 4, 2014, by and among the Company, ASP MD Investco LP, ASP HHI Investco LP, ASP Grede Investco LP, and the minority investors identified therein, as it may be amended from time to time.

“ ***Tax-Related Items*** ” shall have the meaning ascribed to such term in Section 6(a) of this Agreement.

“ ***U.S.*** ” shall have the meaning ascribed to such term in Section 5(d) of this Agreement.

“ ***Vesting Date*** ” shall have the meaning ascribed to such term in Section 4(a) of this Agreement.

2. <u>Grant of Option; Option Price</u> .

(a) On the terms and subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants to the Optionee the Option to purchase up to **7169** Shares (the “ ***Option Shares*** ”) at an exercise price of US **$ 15.08** per Share, which is not less than Fair Market Value (the “ ***Exercise Price*** ”) as of the Grant Date. The Optionee acknowledges receipt of a copy of the Plan and acknowledges that the definitive records pertaining to the grant of this Option, and exercises of rights hereunder, shall be retained by the Company. The Option is not intended to be an “ ***incentive stock option*** ” within the meaning of Section 422 of the Code.

(b) The Company agrees that at all times there shall be made available for issuance upon exercise of the Option the Option Shares (or the remaining unexercised portion of the Option, if less) without regard to whether or the extent to which the Option is then exercisable, and that the par value of those Option Shares will at all times be less than the Exercise Price. The Company further represents and agrees that all Option Shares which may be issued upon the exercise of the Option will, upon issuance, be validly issued, fully paid and nonassessable and free from liens and charges arising from actions of the Company with respect to the issuance thereof.

(c) The Optionee hereby (i) agrees and acknowledges that the Optionee has received and read a copy of the Stockholders' Agreement and (ii) agrees that, if the Optionee was not a party thereto prior to the Grant Date, then by execution of this Agreement, the Optionee shall become, effective as of the Grant Date, a party to the Stockholders' Agreement with respect to all Shares beneficially owned by the Optionee both before and after the Grant Date and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders' Agreement as though an original party thereto, and shall be deemed, and is hereby admitted as, an " ***Additional Management Investor*** ," for all purposes thereof.

3. Term . The term of the Option (the " ***Option Term*** ") shall commence on the Grant Date and expire on the tenth (10 th) anniversary of the Grant Date, unless the Option shall theretofore have been terminated in accordance with the terms of this Agreement or the Plan. In no event shall the Option be exercisable on or after the end of the Option Term. To the extent the Option is not exercised prior to the end of the Option Term (or any earlier date pursuant to the terms of this Agreement and the Plan), it shall be canceled and forfeited.

4. Vesting .

(a) General . Unless accelerated as otherwise provided in Section 4(b), the Option shall vest and become exercisable as follows:

(i) on the first anniversary of the Grant Date, one-third of the total number of Option Shares may be purchased;

(ii) on the second anniversary of the Grant Date, two-thirds of the total number of Option Shares may be purchased; and

(iii) on the third anniversary of the Grant Date, the Option may be exercised in full (each such anniversary, a " ***Vesting Date*** ").

The Option is not earned and the Optionee has no right to purchase the underlying Shares until an event described above occurs. The Option will continue to vest so long as the Optionee continues to provide Service to the Company or any of its Subsidiaries through such Vesting Date.

(b) Death; Disability . Upon the Optionee's termination of Service by reason of death or Disability prior to any Vesting Date, the Optionee shall vest in a pro rata portion of the Option equal to the product (rounded to the nearest whole Share) of (i) the number of Option Shares scheduled to vest as of the next applicable Vesting Date and (ii) a fraction, the numerator of which is the number of calendar days that have elapsed since the preceding Vesting Date (or, if none of the Vesting Dates has occurred, then the Grant Date) and the denominator of which is the number of calendar days from the preceding Vesting Date (or, if none of the Vesting Dates has occurred, then the Grant Date) to the next applicable Vesting Date.

5. Procedure for Exercise .

(a) The Option may be exercised with respect to the Option Shares that are exercisable, from time to time, in whole or in part, through the Company's employee benefits portal maintained through Fidelity Stock Plan Services (or through such alternate method of exercise as may be set forth by the Company in a written notice to the Optionee from time to time). In the absence of any such designated method, the Option may be exercised with respect to the Option Shares that are exercisable by delivery of a written notice (the " ***Exercise Notice*** ") from the Optionee to the Company at its principal executive office, at least ten (10) days before the date on which the Optionee wishes to exercise the Option (or by such alternate method of exercise set forth by the Company in a written notice to the Optionee), which Exercise Notice shall:

(i) state that the Optionee elects to exercise the Option;

(ii) specify the number of Shares with respect to which the Optionee is exercising the Option;

(iii) include any representations of the Optionee as may be required under Section 10 hereof,

(iv) in the event that the Option shall be exercised by the representative of the Optionee's estate pursuant to Section 11, include appropriate proof of the right of such Person to exercise the Option;

(v) state the date upon which the Optionee desires to consummate the purchase of such Shares (which date must be prior to the termination of the Option); and

(vi) comply with such further provisions as the Company may reasonably require.

(b) Payment of the Exercise Price for the Shares to be purchased upon exercise of the Option shall be made by the Company reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value on the date of exercise equal to the Exercise Price. Alternatively, upon prior approval by the Company (or the Board, if required), payment of the Exercise Price for the Shares to be purchased may be made:

(i) in cash or by a cash equivalent acceptable to the Board, or, to the extent permitted by the Board in its sole discretion;

(ii) by delivering other previously acquired Shares having a Fair Market Value equal to the Exercise Price;

(iii) through an open-market, broker-assisted sales transaction pursuant to which the Company is promptly delivered the amount of proceeds necessary to satisfy the Exercise Price;

(iv) by a combination of the methods described above; or

(v) by such other method as may be approved by the Board.

In addition to and at the time of payment of the Exercise Price, the Optionee shall pay to the Company the full amount of any and all applicable income tax, employment tax and other amounts required to be withheld in connection with such exercise, payable under such methods described above for the payment of the Exercise Price or as may be approved by the Board.

(c) Subject to the immediately following sentence, after payment of the Exercise Price for the Shares by the Optionee, the Company shall, on the date such Shares are purchased by the Optionee, deliver to the Optionee an original certificate representing the Shares, if any. Notwithstanding anything herein or in the Stockholders' Agreement to the contrary, the Optionee's obligations under Section 5.6 of the Stockholders' Agreement (Non-Competition; Non-Solicitation) shall apply only during the Service Term and until the twelve (12) month anniversary of the date the Optionee ceases to be employed by the Company and its affiliates; provided that the provisions of Section 5.6 of the Stockholders' Agreement shall only apply to the Optionee to the extent the Optionee is not subject to a separate non-compete or non-solicit agreement with the Company or its affiliates.

(d) Notwithstanding any provision within the Agreement to the contrary, if the Optionee is resident or employed outside of the United States (" ***U.S.*** "), the Board may require that the Optionee exercise the Option in a method other than as specified above, may require the Optionee to exercise the Option only by means of a broker-assisted cashless exercise (either a cashless "sell-all" exercise and/or a cashless "sell-to-cover" exercise) as it shall determine in its sole discretion, or may require the Optionee to sell any Shares acquired under the Plan immediately or within a specified period following the Optionee's termination of Service (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on the Optionee's behalf pursuant to this authorization without further consent).

6. Responsibility for Taxes; Tax Withholding .

(a) The Optionee acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and legally applicable to the Optionee (" ***Tax-Related Items*** "), is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax- Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, the Optionee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee may make a payment to the Company or Employer in cash or by cash equivalent acceptable to the Board. Further, the Optionee authorizes the Company, the Employer or agent of the Company or Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company or the Employer;

(ii) through an open-market, broker-assisted sales transaction pursuant to which the Company is promptly delivered the amount of proceeds necessary to satisfy the Tax- Related Items;

(iii) through a voluntary or mandatory sale of Shares acquired upon exercise of the Option, as arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent);

(iv) by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value on the date of exercise equal to the Tax-Related Items;

(v) by a combination of the methods described above; or

(vi) by such other method as may be approved by the Board.

(c) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory minimum withholding rates (as determined by the Company in good faith and in its sole discretion) or other applicable withholding rates, including maximum applicable rates, in which case the Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the share equivalent. If the obligation for Tax-Related Items is satisfied by withholding from the Shares otherwise deliverable upon the exercise of the Option, for tax purposes, the Optionee is deemed to have been issued the full number of Shares subject to the exercised Option, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(d) The Company shall be entitled to require as a condition of delivery of the Shares that the Optionee has satisfied all Tax-Related Items in a manner specified in Section 6(b).

7. Termination of Service with the Company and its Subsidiaries . Notwithstanding anything in this Agreement to the contrary, any portion of the Option which is not exercisable upon the Optionee's termination of Service with the Company or any of its Subsidiaries for any reason shall terminate as of the date on which such termination of Service occurs; provided that if Optionee's Service terminates for Cause, the Option, whether exercisable or nonexercisable, shall be deemed to have terminated as of the day preceding such termination of Service. Notwithstanding the foregoing, upon an Optionee's (i) termination of Service due to death or Disability, the Optionee (or the Optionee's representative) shall be entitled to exercise any portion of the Option that was exercisable on the date of termination of Service, including pursuant to Section 4(b) of this Agreement, until (a) the date which is six (6) months after such date of termination of Service, or (b) the end of the Option Term, if earlier or (ii) termination of Service other than for Cause, death or Disability, the Optionee (or the Optionee's representative) shall be entitled to exercise any portion of the Option that was exercisable on the date of such termination of Service until (a) the date which is thirty (30) days after such date of termination of Service, or (b) the end of the Option Term, if earlier.

8. Non-Competition; Non-Solicitation .

(a) The following provisions of this Section 8 shall apply to the Optionee during any time period applicable hereunder and shall be in addition to any other non-compete, non-solicit or other similar agreement with the Company or any of its Subsidiaries or affiliates (as used in this Section 8, the " ***Company Group*** ").

(b) The Optionee acknowledges and recognizes the highly competitive nature of the businesses of the Company Group and accordingly agrees as follows (the " ***Protective Agreements*** "):

(i) During the term of Service of the Optionee with the Company Group (" ***Service Term*** ") and, for the one (1) year period following the date the Optionee ceases to be employed by the Company Group for any reason (the " ***Restricted Period*** "), the Optionee shall not, whether on the Optionee's own behalf or on behalf of or in conjunction with any Person, directly or indirectly: (A) solicit, divert, or attempt to solicit or divert from the Company Group any work or business related to the nature of the business of the Company Group from any Customer (as defined below) of the Company Group, except to the extent required in order to carry out the Optionee's duties and obligations to the Company Group, (B) request, induce or advise any such Customer to withdraw, decrease or cancel any business with the Company Group or (C) contact, solicit, or interfere with any Person who provides products or services to the Company Group for the purpose of causing such Person to cease providing such products or services to the Company Group. For purposes of this Section 8, a " ***Customer*** " means any Person or business (y) that the Optionee has actually sold or delivered any Company Group services or products to, or to which the Optionee has been exposed through Company Group meetings or marketing efforts, and (z) that the Optionee has contacted, orally, in writing or in person, to solicit, sell and/or deliver Company Group services or products to, or to which the Optionee has been exposed through Company Group meetings or marketing efforts, in each case during the twelve (12) months preceding the date of the Optionee's termination from the Company Group's employ.

(ii) During the Service Term and the Restricted Period, the Optionee shall not directly or indirectly work for or provide consulting, financial or other services to, engage in, conduct, manage or operate, or acquire or own any capital stock of or other equity interest in, any Person or business anywhere in the world that competes with the business of the Company Group (including, without limitation, businesses which the Company Group have specific plans to conduct in the future and of which the Optionee is aware) (a " ***Competitive Business*** "); provided that nothing in this Section 8(b)(ii) shall be deemed to prohibit the acquisition or holding of not more than two percent (2%) of the shares or other securities of a publicly traded entity involved in a Competitive Business as long the Optionee is not an employee, officer, director, consultant, independent contractor, or agent of, or otherwise providing services to, directly or indirectly, such entity and is not a controlling person of, or a member of a group which controls, such entity.

(iii) During the Restricted Period, the Optionee shall not, whether on the Optionee's own behalf or on behalf of or in conjunction with any Person, directly or indirectly,

(A) employ, engage or retain any individual who is an employee, consultant or independent contractor of the Company Group during such Restricted Period, or had been an employee, consultant or independent contractor of the Company Group within six (6) months prior to the last day of the Service Term or (B) solicit, induce or persuade in any way any such individual to terminate or modify his or her employment or service relationship with the Company Group.

(c) Optionee agrees that the covenants set forth in this Section 8 are reasonable covenants under the circumstances, and further agrees that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants as such court shall deem necessary to cause the provisions hereof (as modified) to be valid and enforceable and to enforce the remainder of the covenants as so amended. Optionee agrees that any breach of any covenant contained in this Section 8 would irreparably injure the Company. Accordingly, Optionee agrees that the Company, in addition to pursuing any other remedies it may have in law or in equity, shall be entitled to a decree or order of specific performance and an injunction against Optionee from any court having jurisdiction over the matter restraining any further violation of this Section 8 without proof of actual damages.

(d) If the Optionee breaches the non-competition or non-solicitation terms of the Protective Agreements, any settlement, payment or delivery made pursuant to this Agreement during the one (1) year period prior to the breach of the Protective Agreements shall be rescinded. The Company shall notify the Optionee in writing of any such rescission within ninety (90) days of the date it acquires actual knowledge of such breach. Within ten (10) days after receiving such a notice from the Company, the Optionee shall pay to the Company the amount of any gain realized or payment received as a result of the settlement, payment or delivery pursuant to this Agreement. Such payment shall be made either in cash or by returning to the Company the number of Shares that the Optionee received in connection with the rescinded settlement, payment or delivery.

9. No Rights as a Stockholder. The Optionee shall not have any rights or privileges of a stockholder with respect to any of the Shares subject to the Option until the date of acceptance by the Company of payment for such Shares pursuant to the exercise of the Option in accordance with the terms and conditions set forth in this Agreement and until the Optionee has become a party to and bound by the Stockholders' Agreement.

10. Additional Provisions Related to Exercise. In the event of the exercise of the Option at a time when there is not in effect a registration statement under the Securities Act relating to the Shares, the Optionee hereby represents and warrants, and by virtue of such exercise shall be deemed to represent and warrant, to the Company that the Shares are being acquired for investment only and not with a view to the distribution thereof except in compliance with the Act, and the Optionee shall provide the Company with such further representations and warranties as the Board may reasonably require in order to ensure compliance with applicable federal and state securities, "blue sky" and other laws. No Shares shall be purchased upon the exercise of the Option unless and until the Company and/or the Optionee shall have complied with all applicable federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction.

11. Restriction on Transfer.

(a) Unless otherwise approved by the Board, the Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee should die during the Option Term, the portion of the Option which is exercisable at such time shall thereafter be exercisable by the representative of his estate to the full extent to which it was exercisable by the Optionee at the time of his death. The Option shall not be subject to lien execution, lien attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

(b) All Shares issued to the Optionee upon exercise of the Option shall be subject to the restrictions contained in the Stockholders' Agreement until termination of any such restrictions in accordance with the Stockholders' Agreement.

12. Restrictive Legend. All stock certificates representing shares issued upon exercise of the Option shall, unless otherwise determined by the Board, have affixed thereto a legend substantially in the form set forth in the Stockholders' Agreement.

13. Nature of Grant. In accepting the grant of the Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and limited in duration, and it may be modified, amended, suspended or terminated by the Company, in its sole discretion, at any time;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future Option grants, or benefits in lieu of Options, even if Options have been granted in the past;

(c) all decisions with respect to future grants of Options or other grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of the grant, the number of Shares subject to the grant, and the vesting provisions applicable to the grant;

(d) the grant of the Option and the Optionee's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Optionee's Employer, or any Subsidiary or affiliate of the Company and shall not interfere with the ability of the Employer to terminate the Optionee's employment or Service relationship;

(e) the Optionee is voluntarily participating in the Plan;

(f) the Option and the Option Shares are not intended to replace any pension rights or compensation;

(g) the Option, the Option Shares and the value of same, is an extraordinary item of compensation outside the scope of the Optionee's employment (and employment contract, if any) and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Option Shares is unknown, indeterminable and cannot be predicted with certainty;

(i) unless otherwise determined by the Board in its sole discretion, a termination of Service shall be effective from the date on which active employment or Service ends and shall not be extended by any statutory or common law notice of termination period; the Board shall have the exclusive discretion to determine when a termination of Service occurs for purposes of this Option grant;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from a termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any), and in consideration of the grant of the Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company, the Employer or any affiliate of the Company, waive the Optionee's ability, if any, to bring any such claim, and releases the Company, the Employer and all affiliates of the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Option grant and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Company's Shares; and

(l) neither the Company, the Employer, nor any affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the

U.S. dollar that may affect the value of the Option or of any amounts due to the Optionee pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise of the Option.

14. Not a Public Offering. If the Optionee is resident or employed outside the U.S., neither the grant of the Option nor the delivery of Shares upon exercise of the Option is intended to be a public offering of securities in the Optionee's country of residence (or country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the Option is not subject to the supervision of the local securities authorities.

15. <u>No Advice Regarding Grant</u>. No employee of the Company or its affiliates is permitted to advise the Optionee on whether the Optionee should purchase Shares under the Plan. Investment in the Company's Shares involves a degree of risk. Before deciding to acquire Shares pursuant to this Option, the Optionee should carefully consider all risk factors relevant to the acquisition of Shares under the Plan and carefully review all of the materials related to this Option and the Plan. In addition, the Optionee should consult with the Optionee's own financial advisor and legal advisor for professional investment advice.

16. <u>Insider Trading/Market Abuse Laws</u>. The Optionee's country of residence may have insider trading and/or market abuse laws that may affect the Optionee's ability to acquire or sell Shares under the Plan during such times the Optionee is considered to have "inside information" (as defined in the laws in the Optionee's country). These laws may be the same or different from any Company insider trading policy. The Optionee acknowledges that it is the Optionee's responsibility to be informed of and compliant with such regulations, and the Optionee is advised to speak to the Optionee's personal advisor on this matter.

17. <u>Repatriation; Compliance with Law</u>. If the Optionee is resident or employed outside the U.S., the Optionee agrees to repatriate all payments attributable to the Shares and/or cash acquired under the Plan in accordance with applicable foreign exchange rules and regulations in the Optionee's country of residence (and country of employment, if different). In addition, the Optionee agrees to take any and all actions, and consents to any and all actions taken by the Company and its Subsidiaries and affiliates, as may be required to allow the Company and its Subsidiaries and affiliates to comply with local laws, rules and/or regulations in the Optionee's country of residence (and country of employment, if different). Finally, the Optionee agrees to take any and all actions as may be required to comply with the Optionee's personal obligations under local laws, rules and/or regulations in the Optionee's country of residence and country of employment, if different).

18. <u>Consent to Collection/Processing/Transfer of Personal Data</u>. Pursuant to applicable personal data protection laws, the Company hereby notifies the Optionee of the following in relation to the Optionee's personally identifiable data (" ***Personal Data*** ") and the collection, processing and transfer of such data in relation to the Company's grant of the Option and participation in the Plan. The collection, processing and transfer of Personal Data is necessary for the Company's administration of the Plan and the Optionee's participation in the Plan, and although the Optionee has the right to deny or object to the collection, processing and transfer of Personal Data, the Optionee's denial and/or objection to the collection, processing and transfer of Personal Data may affect the Optionee's participation in the Plan. As such, the Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of Personal Data as described herein:

(a) The Company and the Employer hold certain Personal Data about the Optionee, including (but not limited to) the Optionee's name, home address and telephone number, date of birth, social security number (resident registration number or tax identification number) or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all entitlements to Shares (or cash) awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan. The Personal Data may be provided by the Optionee or collected, where lawful, from the Company, its affiliates and/or third parties, and the Company and the Employer will process the Personal Data in this context for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Personal Data processing will take place through electronic and non-electronic means correlated to the purposes for which Personal Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence (or country of employment, if different). Personal Data will be accessible within the organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the participation in the Plan.

(b) The Company and the Employer will transfer Personal Data internally as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and/or Employer may further transfer Personal Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The third party recipients of Personal Data may be any affiliate of the Company or a broker/administrator that the Company may engage to assist with the implementation, administration and management of the Plan from time to time. These recipients may be located in the European Economic Area, or in in other countries, such as the United States, which may not be considered to provide the same level of privacy protection to Personal Data as that provided by the Optionee's home country. The Optionee hereby authorizes (where required under applicable law) such processing and transfer of Personal Data.

(c) The Optionee may, at any time, exercise the Optionee's rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Personal Data, (ii) verify the content, origin and accuracy of the Personal Data, (iii) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Personal Data, (iv) oppose, for legal reasons, the collection, processing or transfer of the Personal Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan, and (v) withdraw the Optionees's consent to the collection, processing or transfer of Personal Data as provided hereunder (in which case, the Option will become null and void). The Optionee may seek to exercise these rights by contacting the Optionee's local Human Resources office.

19. Addendum to Agreement . Notwithstanding any provision of this Agreement to the contrary, the Option shall be subject to any special terms and conditions for the Optionee's country of residence (and country of employment, if different) as set forth in the addendum to this Agreement (the " ***Addendum*** "). Further, if the Optionee transfers residence and/or employment to another country, any special terms and conditions for such country will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). The Addendum shall constitute part of this Agreement.

20. Additional Requirements; Optionee's Undertaking . The Company reserves the right to impose other requirements on the Option, any Shares acquired pursuant to the Option and the Optionee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Option and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing. The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the provisions of this Agreement.

21. Recoupment . The Option and any Shares issued or any gain realized in respect thereof, shall be subject to any recoupment or forfeiture policy as set forth in the Plan or that the Company may adopt from time to time, to the extent any such policy is applicable to the Optionee. By accepting the grant of Options, the Optionee agrees and consents to the Company's application, implementation and enforcement of (a) such recoupment or forfeiture policy and (b) any provision of applicable law relating to cancellation, recoupment, forfeiture, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment or forfeiture policy (as applicable to the Optionee) or applicable law without further consent or action being required by the Optionee. For purposes of the foregoing, the Optionee expressly and explicitly authorizes the Company to issue instructions, on the Optionee's behalf, to any brokerage firm and/or third party administrator

engaged by the Company to hold the Shares and other amounts acquired in respect to the Options awarded under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the recoupment or forfeiture policy conflict, the terms of the applicable policy shall prevail.

22. Electronic Delivery . The Company may, in its sole discretion, deliver by electronic means any documents related to the Option or the Optionee's future participation in the Plan. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. English Language . If the Optionee is resident or employed in a country where English is not an official language, the Optionee acknowledges and agrees that it is the Optionee's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the grant of the Option, be drawn up in English. If the Optionee has received this Agreement, the Plan or any other documents related to the Option translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

24. Notices . All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier by telecopy or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

(a) if to the Company, at:

Metaldyne Performance Group Inc. One Towne Square,
Suite 550 Southfield, MI 48076
USA
Fax: +1 (248) 281-1934
Attention: General Counsel

with copy to:

Metaldyne Performance Group Inc. One Towne Square,
Suite 550 Southfield, MI 48076
USA
Fax: +1 (248) 281-1934
Attention: Vice President & Corporate Controller

(b) if to the Optionee, at the address most recently supplied to the Company and set forth in the Company's records, with a copy to his attorney at such address as shall have been provided to the Company;

or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (i) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date received), (ii) in the case of nationally-recognized overnight courier, on the next business day after the date sent, (iii) in the case of telecopy transmission, when received (or if not sent on a business day, on the next business day after the date sent), and (iv) in the case of mailing, on the third (3 rd) business day following the date on which the piece of mail containing such communication is posted.

25. Waiver of Breach . The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach. Any of the provisions of this Agreement may be waived only by an instrument in writing executed by the party or parties whose rights are being waived.

26. Amendment . Except as otherwise provided in the Plan, this Agreement may not be amended, terminated, suspended or otherwise modified except in a written instrument, duly executed by both parties. Waivers of or amendments to this Agreement shall be binding as against the Company only if approved by the Board or such committee of the Board appointed by the Board to administer the Plan.

27. Governing Law . This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware as such laws are applied to contracts entered into and performed in such jurisdiction, without giving effect to principles of conflicts of laws.

28. Counterparts . This Agreement may be executed in one or more counterparts, manually or electronically, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

29. Entire Agreement . This Agreement, the Addendum and the Plan (and the other writings incorporated by reference herein) constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

30. Severability . This Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the remainder of this Agreement. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be deemed severable from the remainder of this Agreement, and the remaining provisions contained in this Agreement shall be construed to preserve to the maximum permissible extent the intent and purposes of this Agreement. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

31. Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 11 hereof.

By accepting this grant (as the Optionee), I acknowledge and agree that this Option is granted under and governed by the terms of the Metaldyne Performance Group Inc. 2014 Equity Incentive Plan, which is attached to and made a part of this document. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

Intending to be bound, the parties hereto have executed this Nonqualified Stock Option Agreement as of the Grant Date.

METALDYNE PERFORMANCE GROUP INC.

By: Name:Mark Blaufuss
Title: Chief Financial Officer

OPTIONEE:

____
Name:

Addendum to the
Metaldyne Performance Group Inc.
2014 Equity Incentive Plan
Nonqualified Stock Option Agreement

In addition to the terms of the Plan and the Agreement, the Option is subject to the following additional terms and conditions to the extent the Optionee resides and/or is employed in one of the countries addressed herein. Pursuant to Section 19 of the Agreement, if the Optionee transfers residence and/or employment to another country reflected in this Addendum, the additional terms and conditions for such country (if any) will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms as may be necessary or advisable to accommodate the Optionee's transfer). All capitalized terms not defined in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

CANADA

Exercise of the Option . Notwithstanding Sections 5(b) and 6(b) of the Agreement or any other provision in the Agreement or the Plan to the contrary, if the Optionee is resident in Canada, the Optionee may not tender Shares that the Optionee owns to pay the Exercise Price or Tax-Related Items in connection with the Option.

FRANCE

Use of English Language . By accepting the Agreement, the Optionee confirms having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided in English language. The Optionee accepts the terms of those documents accordingly. ***En acceptant le Contrat, le Bénéficiaire d'Options confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat) qui ont été communiqués en langue anglaise. Le Bénéficiaire d'Options accepte les termes de ces documents en connaissance de cause.***

KOREA

Consent to Collection/Processing/Transfer of Personal Data . By accepting the Option and executing the Agreement:

1. The Optionee agrees to the collection, use, processing and transfer of the personal data as described in Section 18 of the Agreement.
2. The Optionee agrees to the processing of the Optionee's unique identifying information (resident registration number) as described in Section 18 of the Agreement.

MEXICO

1. Commercial Relationship. The Optionee expressly recognizes that participation in the Plan and the Company's grant of the Option does not constitute an employment relationship between the Optionee and the Company. The Optionee has been granted the Option as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Optionee, and the Company's Subsidiary in Mexico is the Optionee's sole employer. Based on the foregoing, (a) the Optionee expressly recognizes that the Plan and the benefits the Optionee may derive from participating in the Plan does not establish any rights between the Optionee and the Company's Subsidiary in Mexico that employs the Optionee, (b) the Plan and the benefits the Optionee may derive from participating in the Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that

employs the Optionee, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Optionee's employment with the Company's Subsidiary in Mexico that employs the Optionee.

2. Extraordinary Item of Compensation. The Optionee expressly recognizes and acknowledges that participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Optionee's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Optionee acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Optionee's participation in the Plan at any time and without any liability. The value of the Option and underlying Shares is an extraordinary item of compensation outside the scope of the Optionee's employment contract, if any. The grant of the Option is not part of the Optionee's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs the Optionee.

SPAIN

1. Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. This provision supplements the terms of the Agreement:

In accepting the grant of the Option, the Optionee acknowledges that the Optionee consents to participation in the Plan and has received a copy of the Plan.

The Optionee understands that the Company has unilaterally, gratuitously and in its sole discretion granted Stock Options under the Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or affiliates on an ongoing basis. Consequently, the Optionee understands that the Option is granted on the assumption and condition that the Option and the Shares acquired upon exercise of the Option shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Optionee understands that this grant would not be made to the Optionee but for the assumptions and conditions referenced above; thus, the Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Option shall be null and void.

Further, the Optionee understands and agrees that the vesting of the Option is expressly conditioned on the Optionee's continued and active rendering of Service, such that upon a termination of Service, the Option may cease vesting immediately, in whole or in part, effective on the date of the Optionee's termination of Service as determined by the Board in its sole discretion (unless otherwise specifically provided in Section 4 of the Agreement) and, after the Optionee's termination of Service, the Optionee shall have a limited period of time to exercise the vested portion of the Option, if any. This will be the case, for example, even if (a) the Optionee is considered to be unfairly dismissed without good cause; (b) the Optionee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (c) the Optionee terminates Service due to a change of work location, duties or any other employment or contractual condition, (d) the Optionee terminates Service due to a unilateral breach of contract by the Company or a Subsidiary. Consequently, upon termination of the Optionee's Service for any of the above reasons, the Optionee may automatically lose any rights to an Option that was not vested on the date of the Optionee's termination of Service, as described in the Plan and Agreement.

The Optionee acknowledges that the Optionee has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination of Service on the Option.

2. Termination for Cause . "Cause" shall be defined as indicated in the Plan, irrespective of whether the termination of Service is or is not considered a fair termination (*i.e.* , "despido procedente") under Spanish legislation.

UNITED KINGDOM

1. Responsibility for Taxes; Tax Withholding . The following provision supplements Section 6 of the Agreement:

If payment or withholding of the income tax due in connection with the Option is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the " ***Due Date*** "), the amount of any uncollected income tax shall constitute a loan owed by the Optionee to the Employer, effective as of the Due Date. The Optionee agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs (" ***HMRC*** "), it shall be immediately due and repayable, and the Company or Employer may recover it at any time thereafter by any of the means referred to in Section 6 of the Agreement. Notwithstanding the foregoing, if the Optionee is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), will not be eligible for a loan to cover the income tax liability. In the event that the Optionee is a director or executive officer and the income tax is not collected from or paid by the Optionee by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Optionee on which additional income tax and national insurance contributions (" ***NICs*** ") will be payable. The Optionee will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any employee NICs due on this additional benefit.

2. Exclusion of Claim . The Optionee acknowledges and agrees that the Optionee will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Optionee ceasing to have rights under or to be entitled to the Option, whether or not as a result of the Optionee's termination of Service (whether such termination is in breach of contract or otherwise), or from the loss or diminution in value of the Option. Upon the grant of the Option, the Optionee shall be deemed irrevocably to have waived any such entitlement.

GBA9LJGU

04/06/2016 04:12 pm U.S. Eastern Standard Time

ACCEPTED

EXHIBIT 10.32

METALDYNE PERFORMANCE GROUP, INC.
CHANGE IN CONTROL SEVERANCE PLAN

1. PURPOSE

This Metaldyne Performance Group, Inc. Change in Control Severance Plan has been established to provide severance protection for selected executive officers and other employees of the Company in the event of certain terminations of employment in connection with a Change in Control. The purpose of the Plan is to assure continuity in operations of the Company in the event of a Change in Control by allowing such employees to focus on their responsibilities to the Company knowing that they have certain financial security in the event of a termination of employment. Capitalized terms not otherwise defined herein shall have the meanings set forth in Section 9.

2. ELIGIBILITY

(a) Eligible Employees. The participants under the Plan shall be the groups of U.S. and non-U.S. employees of the Company or its Subsidiaries in Group A, Group B and Group C, as specified in a participation letter provided to such individuals, and all salaried U.S. and Non-U.S. employees of the Company or its Subsidiaries that are not in Group A, Group B or Group C and are not described in Section 2(b) below (" Group D ") (collectively, the individuals in Group A, Group B, Group C and Group D, the " Participants ").

(b) Excluded Employees. The following employees of the Company and its Subsidiaries are not eligible to participate in the Plan:

(i) Employees who are a party to an employment agreement that provides for severance benefits;

(ii) Employees of HHI who are a party to a change in control severance agreement; and

(iii) Employees of Grede who are covered by the Severance Pay Plan for Executives of Grede.

3. PROTECTION PERIOD; TERMINATION OF EMPLOYMENT

(a) Qualifying Termination. A Participant shall be eligible to receive severance benefits under the Plan according to his or her Group only in the event that during the Protection Period, the Participant experiences a Qualifying Termination. For purposes hereof, " Protection Period " and " Qualifying Termination " shall have the following meanings for the applicable Groups of Participants:

Group	" Protection Period "	" Qualifying Termination "
Group A Participants	Two-year period commencing on the date of the consummation of a Change in Control	Termination of the Participant's employment (1) by the Company without Cause or (2) by the Participant for Good Reason
Group B Participants	Two-year period commencing on the date of the consummation of a Change in Control	Termination of the Participant's employment (1) by the Company without Cause or (2) by the Participant for Good Reason
Group C Participants	One-year period commencing on the date of the consummation of a Change in Control	Termination of the Participant's employment (1) by the Company without Cause or (2) by the Participant for Good Reason
Group D Participants	One-year period commencing on the date of the consummation of a Change in Control	Termination of the Participant's employment by the Company without Cause

(b) Other Terminations of Employment . In the absence of a Qualifying Termination occurring during the Protection Period, a Participant shall not be eligible to receive severance benefits under the Plan for any reason, including, without limitation, if the Participant (i) is terminated from employment by the Company for Cause, (ii) terminates employment by reason of death or disability or (iii) voluntarily resigns, retires or declines employment with any successor of the Company without Good Reason.

4. SEVERANCE BENEFITS

(a) Severance Benefits . In the event that of a Participant's Qualifying Termination occurring during the Protection Period, the following shall apply, subject to Section 4(b):

(i) Severance Payment; Benefit Continuation . The Participant shall be entitled to receive a lump sum cash severance payment on the next salaried payroll date after the 60th day following the Termination Date, equal to an amount calculated in accordance with the table below based on the Participant's Group. In addition, the Participant (and his or her eligible dependents) shall be entitled to continued participation in the Company's medical, dental and vision plans, at then-existing participation and coverage levels for the following period after the Participant's Termination Date (such benefits, " Benefit Continuation " and such time period, the " Benefit Continuation Period "):

Group	Severance Benefits
Group A Participants	(a) 1.5 times Base Salary, plus (b) Prorated Target Bonus; and (c) eighteen (18) months Benefit Continuation
Group B Participants	(a) 1.0 times Base Salary, plus (b) Prorated Target Bonus; and (c) twelve (12) months Benefit Continuation
Group C Participants	(a) 0.5 times Base Salary, plus (b) Prorated Target Bonus; and (c) six (6) months Benefit Continuation
Group D Participants	(a) The greater of (1) 0.25 times Base Salary or (2) one (1) week of Base Salary per year of service (up to a maximum of 26 weeks), plus (b) Prorated Target Bonus; and (c) three (3) months Benefit Continuation

In the event that such Benefit Continuation is not permitted or advisable or the Company, in its sole discretion, elects, in lieu of Benefit Continuation, the Company shall pay to the Participant an amount (in the Company's determination) equal to the value of the Benefit Continuation in equal monthly installments during the Benefit Continuation Period. Any obligation to provide Benefit Continuation or payment in lieu of such Benefit Continuation, shall cease upon the earliest of (i) the Participant becoming eligible to receive group health benefits under a program of a subsequent employer or (ii) the 60th day following the Termination Date in the event that the Release does not become effective and irrevocable prior to such date. For the avoidance of doubt the Participant (and his or her eligible dependents) shall be responsible for paying all employee contributions, deductibles, and other cost sharing items under such plans. Nothing in this Section 4(a)(ii) shall be construed to impair or reduce a Participant's rights under COBRA or other applicable law.

(ii) Accrued Benefits . The Participant shall be entitled to receive any unpaid base pay through such Participant's Termination Date, any earned but unpaid annual bonus for any completed performance year immediately preceding the year in which the Qualifying Termination occurs, any other earned but unpaid compensation through the Termination Date, and reimbursement of any unreimbursed expenses properly incurred by such Participant in accordance with the Company's policies prior to the Termination Date, within 30 days following the Termination Date or with respect to any earned but unpaid annual bonus for any completed performance year immediately preceding the year in which the Qualifying Termination occurs, no later than March 15th of year of termination. The Participant shall also be entitled to receive such other benefits to which such Participant may be entitled pursuant to the terms and conditions of the applicable employee benefit plan, program, arrangement or agreement.

(b) Release of Claims . As a condition to receiving any payments or benefits described in Section 4(a)(i), the Participant shall execute and deliver a release of claims in such form as generally used by the Company in connection with a termination of employment (or in any other form as determined by the Company) (the " Release ") and the Release shall become irrevocable prior to the 60th day following the Termination Date. Should the Participant revoke all or any portion of the Release within any such revocation period, then the Participant will be treated hereunder as if he or she did not execute the Release.

5. TAX PROVISIONS

(a) Section 280G of the Code . In the event that it is determined that any payments or benefits provided under the Plan together with any payments or benefits to be provided under any other plan, program, arrangement or agreement would constitute parachute payments within the meaning of Section 280G of the Code and would, but for this Section 5(a) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (the " Excise Tax "), then the amounts of any such payments or benefits under the Plan and such other arrangements shall be either (i) paid in full or (ii) reduced to the minimum extent necessary to ensure that no portion of the payments or benefits is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Participant's receipt on an after-tax basis of the greatest amount of payments and benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax). Any such reduction shall be made by the Company in its sole discretion consistent with the requirements of Section 409A of the Code. Any determination required under this Section 5(a) shall be made in writing in good faith by a nationally recognized public accounting firm selected by the Company. The Company and the Participant shall provide the accounting firm with such information and documents as the accounting firm may reasonably request in order to make a determination under this Section 5(a).

(b) Withholding Taxes . All severance payments and benefits under the Plan are subject to all applicable federal, state and local tax withholding and shall be treated as taxable income to the Participant, to the extent required by law.

(c) Section 409A of the Code . The payments and benefits under the Plan are intended to be exempt from (to the maximum extent permitted) or comply with the requirements of Section 409A and, accordingly, to the maximum extent permitted, this Plan shall be interpreted to be exempt from Section 409A or in compliance therewith, as applicable. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A or any damages for failing to comply with Section 409A.

6. RESTRICTIVE COVENANT

(a) Restrictive Covenant . With respect to Group A Participants, Group B Participants and Group C Participants only (and not for Group D Participants) for the Restricted Period (each as defined below), as a condition of receiving and retaining the severance benefits in Section 4(a)(i), the Participant shall not, without the prior written consent of the Company, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent or otherwise, alone or in association with any other person, firm, corporation or other business organization, work for or provide consulting, financial or other services to, engage in, conduct, manage or operate, or acquire or own any capital stock of or other equity interest in, any Person or business anywhere in the world that competes with the business of the Company or any of its Subsidiaries; provided, however, that nothing herein shall limit the Participant's right to own not more than 1% of any of the debt or equity securities of any business organization that is then filing reports with the Securities and Exchange Commission pursuant to Sections 13 or 15(d) of the Exchange Act (the " Restrictive Covenant "). The " Restricted Period " shall mean a period of eighteen (18) months for Group A Participants, twelve (12) months for Group B Participants and six (6) months for Group C Participants following a Qualifying Event.

(b) Injunctive Relief . The Participant agrees that a breach of the Restrictive Covenant contained in this Section 6 may result in material and irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Participant from engaging in activities prohibited by the Restrictive Covenant contained in this Section 6 or such other relief as may be required specifically to enforce the Restrictive Covenant.

7. ADMINISTRATION OF THE PLAN

(a) Scope . The Plan Administrator shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply, and interpret the Plan and to decide all matters arising in connection with the operation or administration of the Plan. Without limiting the generality of the foregoing, the Plan Administrator shall have the sole and absolute discretionary authority to: (i) take all actions and make all decisions with respect to the eligibility for, and the amount of, severance and/or benefits payable under the Plan; (ii) formulate, interpret and apply rules, regulations and policies necessary to administer the Plan in accordance with its terms; (iii) decide questions, including legal or factual questions, with regard to any matter related to the Plan; (iv) to construe and interpret the terms and provisions of the Plan and all documents which relate to the Plan and to decide any and all matters arising thereunder including the right to remedy possible ambiguities, inconsistencies or omissions; and (v) except as specifically provided to the contrary in Exhibit A, process, and approve or deny, claims for severance and/or benefits under the Plan.

(b) Determinations . All determinations made by the Plan Administrator as to any question involving their respective responsibilities, powers and duties under the Plan shall be final and binding on all parties, to the maximum extent permitted by law, as and to the extent such determinations are consistent with the express terms of the Plan. All determinations by "the Company" referred to in the Plan shall be made by the Company in its capacity as an employer and settlor of the Plan.

8. TERM; MODIFICATION OR TERMINATION

The Plan shall become effective as of December 14, 2016. The Plan may be amended or terminated by the Administrator, provided that, for the period beginning twelve (12) months prior to and ending twenty-four (24) months following the effective date of a Change in Control, no such amendment or termination shall be effective that decreases the severance benefits to which a Participant may become eligible or that makes any provision of the Plan less favorable for any Participant without the consent of the affected Participant, and no such amendment or termination shall affect the rights of a Participant who has become entitled to severance benefits under the Plan. Once a Change in Control occurs, the Plan shall not apply to any future Change in Control, unless otherwise determined by the Board.

9. DEFINITIONS

(a) " Base Salary " means the greater of the highest rate of annual base salary paid to the Participant by the Company, before any deductions, exclusions or any deferrals or contributions under any employee benefit plan, during either (a) the twelve (12)-month period preceding the Participant's Termination Date or (b) the twelve (12)-month period preceding the date of the Change in Control.

(b) " Board " means the Board of Directors of the Company.

(c) " Cause " means any one or more of the following: (a) the Participant's willful and continued failure or refusal to perform the duties reasonably required of him or her as an executive officer of the Company; (b) the Participant's conviction of, or plea of nolo contendere to (i) any felony or (ii) another crime involving dishonesty or moral turpitude or which reflects negatively upon the Company or its Subsidiaries or affiliates or otherwise impairs or impedes its operations; (c) the Participant's engaging in any willful misconduct, gross negligence, act of dishonesty, violence or threat of violence (including any violation of federal securities laws) that is injurious to the Company or its Subsidiaries or affiliates; (d) the Participant's material breach of any applicable employment agreement, any restrictive covenant or any material written policy of the Company or its Subsidiaries or affiliates; (e) the Participant's material failure to comply with any material applicable laws and regulations or professional standards relating to the business of the Company or its Subsidiaries or affiliates; or (f) any other misconduct by the Participant that is injurious to the financial condition or business reputation of the Company or its Subsidiaries or affiliates; provided , however , that with respect to clauses (a), (c), (d), (e) and (f), the Company must notify the Participant of the conduct that is the basis for the potential Cause termination in writing within forty-five (45) days of its initial existence and the Participant shall have thirty (30) days to cure such conduct, to the extent it can be cured, to prevent a termination for Cause by the Company. If the Participant cures the conduct that is the basis for the potential termination for Cause within such thirty (30) day period, the Company's notice of termination shall be deemed withdrawn.

(d) " Change in Control " means any one or more of the following: (a) any person or entity, including a "group" as defined in Section 13(d)(3) of the Exchange Act, as amended from time to time, other than the Company or a wholly-owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company's securities having 30% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); (b) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; (c) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period; or (d) the stockholders of the Company approve a plan of complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets, other than a liquidation of the Company into a wholly-owned Subsidiary. For the avoidance of doubt, the consummation of the agreement and plan of merger between American Axle & Manufacturing Holdings, Inc., Alpha SPV I, Inc. and Metaldyne Performance Group Inc., dated as of November 3, 2016, shall constitute a Change in Control for purposes of the Plan.

(e) " COBRA " means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(f) " Code " means the Internal Revenue Code of 1986, as amended.

(g) " Company " means Metaldyne Performance Group, Inc., a Delaware corporation, its Subsidiaries and any successor thereto.

(h) " ERISA " means the Employee Retirement Income Security Act of 1974, as amended.

(i) " Good Reason " means any one or more of the following actions or omissions: (a) any material reduction in a Participant's position, authority, duties or responsibilities following the Change in Control as compared to such level immediately prior to the Change in Control; (b) any material reduction in a Participant's annual base salary or bonus opportunity as in effect immediately prior to the Change in Control; or (c) the relocation (other than by mutual agreement) of the office at which the Participant is to perform the majority of his or her duties following the Change in Control to a location more than 50 miles from the location at which the Participant performed such duties prior to the Change in Control; provided, however, that the Participant must provide the Company with (a) forty-five (45) days advance notice of termination in writing and (b) notice of the conduct that is the basis for the potential Good Reason termination in writing within ninety (90) days of its initial existence, such notice shall describe the conduct the Participant believes to constitute Good Reason. The Company shall have thirty (30) days to cure such conduct upon receipt of the notice of termination from the Participant. If the Company cures the conduct that is the basis for the potential termination for Good Reason within such thirty (30) day period, the Participant's notice of termination shall be deemed withdrawn. If the Participant does not give notice to the Company as described in this Section 9(i) within ninety (90) days after an event giving rise to Good Reason, the Participant's right to claim Good Reason termination on the basis of such event shall be deemed waived.

(j) " Grede " shall mean Grede Holdings LLC.

(k) " HHI " shall mean Hephaestus Holdings, Inc.

(l) " Parent " shall mean American Axle & Manufacturing Holdings, Inc.

(m) " Participant " has the meaning ascribed to such term in Section 2(a).

(n) " Plan Administrator " means the persons or committee appointed by the Board to administer the Plan.

(o) " Prorated Target Bonus " means the Target Bonus multiplied by a fraction, the numerator of which is the number of days the Participant was employed by the Company or any of its Subsidiaries during the calendar year in which the Termination Date occurs and the denominator of which is 365.

(p) " Subsidiary " or " Subsidiaries " means an entity (whether or not a corporation) that is wholly or majority owned or controlled, directly or indirectly, by the Company or any other affiliate of the Company that is so designated, from time to time, by the Committee, during the period of such affiliated status.

(q) " Target Bonus " means (i) if the Termination Date occurs during the calendar year in which the Change in Control occurs, the target annual bonus under the Company's applicable bonus plan as in effect immediately prior to the date of the Change in Control; or (ii) if the Termination Date occurs in a calendar year following the calendar year in which the Change in Control occurs, the greater of (x) the target annual bonus under the Company's applicable bonus plan for the year in which the Termination Date occurs or (y) the target annual bonus under the Company's applicable bonus plan as in effect immediately prior to the date of the Change in Control.

(r) " Termination Date " means the date on which the Participant incurs a Qualifying Termination.

10. MISCELLANEOUS

(a) Clawback . Any amounts payable under the Plan to Group A Participants (only) under the Plan are subject to any policy providing for clawback, recoupment or recovery of amounts as established by the Board and adopted prior to a Change in Control.

(b) Other Benefits . No payments hereunder shall count toward, be substituted in lieu of, or be considered in determining payments or benefits due to a Participant under applicable law or under any other plan, program or agreement of the Company or any of its Subsidiaries or affiliates.

(c) No Mitigation or Offset. No Participant shall be under any obligation to minimize or mitigate damages by seeking other employment, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligation to make the payments and provide the benefits required under the Plan. The Company's obligation to make the payments and provide the benefits required under the Plan shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other rights which the Company may have against the Participant.

(d) No Right to Continued Employment. Nothing contained in this Plan shall be held or construed to create any liability upon the Company to retain any employee in its service or to change the employee-at-will status of any employee.

(e) Effect on Other Plans. This Plan supersedes in all respects any severance or change in control benefit plans, arrangements or policies of the Company that apply to Participants upon a Change in Control. Notwithstanding the foregoing, the Company and the Board reserve the right to adhere to other policies and practices that may be in effect for other groups of employees. For the avoidance of doubt, this Plan does not apply to employees of the Company who are party to an employment agreement providing for severance benefits, employees of HHI who are covered by a change of control severance agreement and employees of Grede who are covered by the Severance Pay Plan for Executive of Grede Holdings LLC.

(f) No Other Rights. Neither the establishment of this Plan, nor any modification thereof, nor the payment of any severance and/or benefits hereunder, shall be construed as giving to any Participant or other person, any legal or equitable right against the Company (other than a Participant's right to severance benefits in accordance with the terms of this Plan) or any current or former officer, director, or employee thereof.

(g) Nature of Plan. The Plan is an unfunded employee welfare benefit plan and no provision of this Plan shall be deemed or construed to create a trust fund of any kind or to grant a property interest of any kind to a Participant or any other individual. Any payment which becomes due under this Plan to a Participant shall be made out of the general assets of the Company, and the right of any Participant to receive a payment hereunder shall be no greater than the right of any unsecured general creditor of the Company.

(h) Claims and Appeals Procedures. The Claims and Appeals Procedures are set forth in Exhibit A.

(i) Rights Under ERISA. The U.S. Department of Labor has issued regulations that require the Company to provide a Participant with a statement of rights under ERISA which are set forth in Exhibit B.

(j) Interpretation. The respective terms and provisions of the Plan shall be construed, whenever possible, to be in conformity with the requirements of ERISA, or any subsequent laws or amendments thereto. To the extent not in conflict with the preceding sentence, the construction and administration of the Plan shall be in accordance with the laws of the State of Delaware (without reference to its conflicts of law provisions).

(k) Successors and Assigns. The Plan shall be binding upon any person, firm or business that is a successor to the business or interests of the Company, whether as a result of a Change in Control of the Company or otherwise. Any successor to the Company shall be required to assume the Plan and honor the obligations of the Company hereunder. All payments and benefits that become due to a Participant under the Plan shall inure to the benefit of his/her heirs, assigns, designees or legal representatives.

(l) Nontransferability of Benefits. No right or interest of a Participant under this Plan may be assigned, transferred or alienated, in whole or in part, either directly or by operation of law, and no such right or interest shall be subject to any debt, obligation or liability of such Participant.

(m) Severability. Should any provision or portion of the Plan be deemed or held to be invalid, illegal or unenforceable for any reason, the same shall not invalidate or otherwise affect any other provisions of the Plan, and the Plan shall be construed as if the invalid, illegal or unenforceable provision or portion of the Plan had never been contained herein.

EXHIBIT A
CLAIMS AND APPEALS PROCEDURES

(a) General . The Plan Administrator shall make a determination in connection with the termination of employment of any Participant as to whether a benefit under the Plan is payable to such Participant , taking into consideration any determination made by the Company as to the circumstances regarding the termination, the Company's decision as to whether or not to pay a benefit under Section 4 , and as to the amount of payment. The Plan Administrator shall advise any Participant it determines is entitled to severance and/or benefits under the Plan and the amount of such severance and benefits. The Plan Administrator may delegate any or all of its responsibilities under these procedures.

(b) Claim Procedures . Each Participant or his or her authorized representative (" Claimant ") may file a written claim with the Company if the Participant believes he or she did not receive all benefits to which he or she is entitled under Section 4. The written claim must be filed within 60 days of the Participant's Termination Date. In the event that a claim is denied, the Company shall provide to the Claimant written notice of the denial within 90 days after the Company receives the claim, unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90-day period. In no event shall the extension exceed a period of 90 days from the end of such initial period. Any extension notice shall indicate the special circumstances requiring the extension of time, the date by which the Company expects to render the final decision, the standards on which entitlement to benefits are based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues.

(c) Notice of Denial . If a Participant is denied a claim for benefits under the Plan, the Company shall provide to such Claimant written notice of the denial which shall set forth:

i. the specific reasons for the denial;

ii. specific references to the pertinent provisions of the Plan on which the denial is based;

iii. a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and

iv. an explanation of the Plan's claim review procedures, and the time limits applicable to such procedures.

(d) Right to Review . After receiving written notice of the denial of a claim, a Claimant or his or her representative shall be entitled to:

i. request a full and fair review of the denial of the claim by written application to the Company;

ii. request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim;

iii. submit written comments, documents, records, and other information relating to the denied claim to the Company; and

iv. a review that takes into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(e) Application for Review. If a Claimant wishes a review of the decision denying his or her claim to benefits under the Plan, he or she must submit the written application to the Company within 60 days after receiving written notice of the denial.

(f) Hearing. Upon receiving such written application for review, the Company may schedule a hearing for purposes of reviewing the Claimant's claim, which hearing shall take place not more than 30 days from the date on which the Company received such written application for review.

(g) Notice of Hearing. At least 10 days prior to the scheduled hearing, the Claimant shall receive written notice of the date, time, and place of such scheduled hearing. The Claimant may request that the hearing be rescheduled, for the Claimant's convenience, on another reasonable date or at another reasonable time or place.

(h) Decision on Review. No later than 60 days following the receipt of the written application for review, the Company shall submit its decision on the review in writing to the Claimant involved and to his or her representative, if any, unless the Company determines that special circumstances (such as the need to hold a hearing) require an extension of time, to a day no later than 120 days after the date of receipt of the written application for review. If the Company determines that the extension of time is required, the Company shall furnish to the Claimant written notice of the extension before the expiration of the initial 60 day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render its decision on review. In the case of a decision adverse to the Claimant, the Company shall provide to the Claimant written notice of the denial which shall include:

i. the specific reasons for the decision;

ii. specific references to the pertinent provisions of the Plan on which the decision is based;

iii. a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; and

iv. an explanation of the Plan's claim review procedures, and the time limits applicable to such procedures, including a statement of the Claimant's right to bring an action under Section 502(a) of ERISA following the denial of the claim upon review.

(i) Filing a Claim. No claim may be filed with a court regarding a denial of a claim for benefits under the Plan until the Participant has exhausted the administrative review procedures under the Plan as set forth in this Exhibit A. All claims for benefits denied under the Plan must be brought in a federal court for Detroit, Michigan, within 90 days after the Participant receives his or her decision on review pursuant to Section (h) hereof.

<u>EXHIBIT B</u>

RIGHTS UNDER ERISA

The U.S. Department of Labor has issued regulations that require the Company to provide a Participant with a statement of his or rights under ERISA with respect to this Plan. The following statement was designated by the U.S. Department of Labor to satisfy this requirement and is presented accordingly:

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants are entitled to:

Receive Information About Your Plan and Benefits

1. Examine, without charge, all Plan documents and copies of all documents filed by the Company with the U.S. Department of Labor. This includes annual reports (Form 5500 Series) and Plan descriptions. All such documents are available for review in your Human Resources Department and with the U.S. Department of Labor at the Public Disclosure Room of the Employee Benefits Security Administration.

2. Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan Administrator may charge you a reasonable fee for the copies.

3. Receive a summary of the Plan's annual financial report. Once each year, the Plan Administrator will send you a Summary Annual Report of the Plan's financial activities at no charge. The Plan Administrator is required by law to furnish each Participant with a copy of this Summary Annual Report.

Prudent Action by Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension or welfare benefit or exercising your rights under ERISA.

Enforcing Your Rights

If your claim for severance and/or benefits is denied or ignored in whole or in part, you have a right to receive a written explanation of the reason for the denial, to obtain copies of documents related to the decision without charge, and to appeal any denial, all within certain time schedules. You have the right to have your claim reviewed and reconsidered. You also have the right to request a review of the denial of your claim as explained in the "Appeal Procedures" section . No one, including your employer or any other person, may discriminate against you in any way to prevent you from obtaining severance and/or benefits under the Plan or exercising your rights under ERISA.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for severance and/or benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have exhausted the Plan's claims and appeal procedures as described in the section "Claims and Appeal Procedures" hereof. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator through your Human Resources Department. They will be glad to help you. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest Area Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or you may contact :

The Division of Technical Assistance and Inquiries
Employee Benefits Security Administration,
Department of Labor
200 Constitution Avenue, N.W., Room
Washington, DC 20210
1-866-444-EBSA (1-866-444-3272)
www.dol.gov/ebsa (for general information)
www.askebsa.dol.gov (for electronic inquiries)

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272 .

Administrative Facts

Topic	Description
Plan Name	Metaldyne Performance Group, Inc. Change in Control Severance Plan
Plan Sponsor	Metaldyne Performance Group, Inc.
Plan Type	Employee Welfare Benefit Plan/Severance Plan
Source of Payment of Benefits	General assets of Metaldyne Performance Group, Inc.
Employer Identification Number	47-1420222
Plan Number	501
Plan Administrator	Metaldyne Performance Group, Inc. One Towne Square Suite 550 Southfield, MI 48076 Attention: General Counsel
Agent for Receiving Service of Legal Process	Plan Administrator
Plan Year	January 1 to December 31
Plan Costs	The costs of the Plan is paid by Metaldyne Performance Group, Inc.

EXHIBIT 21.1

SUBSIDIARIES OF METALDYNE PERFORMANCE GROUP INC.

ASP Grede AcquisitionCo LLC
ASP Grede Intermediate Holdings LLC
ASP HHI Acquisition Co., Inc.
ASP HHI Holdings, Inc.
ASP HHI Intermediate Holdings II, Inc.
ASP HHI Intermediate Holdings, Inc.
ASP MD Holdings, Inc.
ASP MD Intermediate Holdings II, Inc.
ASP MD Intermediate Holdings, Inc.
Bearing Holdings, LLC
Brillion Iron Works, Inc.
Citation Camden Casting Center LLC
Citation Lost Foam Patterns, LLC
Cloyes Acquisition Company
Cloyes Dynagear Mexicana S. de R.L. de C.V. (Joint Venture 80%)
Cloyes Gear and Products, Inc.
Cloyes Gear Holdings, LLC
Forging Holdings, LLC
Gear Design and Manufacturing, LLC
Gearing Holdings, LLC
Grede Holdings LLC
Grede II LLC
Grede LLC
Grede Machining LLC
Grede Omaha LLC
Grede Radford LLC
Grede Wisconsin Subsidiaries LLC
GSC RIII – Grede LLC f/k/a GSC RIII – Grede Corp.
H+B Hyprotec – Technologie Verwaltungs GmbH
HDM Products, Inc.
Hephaestus Holdings, LLC
HHI Forging, LLC
HHI Formtech Holdings, LLC
HHI Formtech, LLC
HHI Funding II, LLC
HHI Holdings, LLC
Holzer Limited
Huzhou Mapleland Precision Forge Co., Ltd (China) JV (25%)
Impact Forge Group, LLC
Impact Forge Holdings, LLC
Jernberg Holdings, LLC
Jernberg Industries, LLC
Kyklos Bearing International, LLC
Kyklos Holdings, LLC
MD Investors Corporation
Metaldyne (Suzhou) Automotive Components Co., Ltd.
Metaldyne BSM, LLC
Metaldyne Componentes Automotivos do Brasil Ltda.
Metaldyne Drivetrain Mexico S. de R.L. de C.V.
Metaldyne Engine Holdings S.L.
Metaldyne Europe. S.á r.l.
Metaldyne Forged Products S. de R.L. de C.V.
Metaldyne GmbH
Metaldyne Grundstrücks GbR
Metaldyne Hong Kong Limited

Metaldyne Industries Limited (Joint Venture - 51%)
Metaldyne International (UK) Ltd.
Metaldyne International Deutschland GmbH
Metaldyne International France SAS
Metaldyne International Spain, S.L.
Metaldyne Japan Corporation
Metaldyne Korea Limited
Metaldyne, LLC
Metaldyne M&A Bluffton, LLC
Metaldyne Mauritius Limited
Metaldyne Netherlands Sintered Holdings B.V.
Metaldyne Nürnberg GmbH
Metaldyne Oslavany spol. s.r.o.
Metaldyne Powertrain Components, Inc.
Metaldyne Powertrain Mexico, S. de R.L. de C.V.
Metaldyne Sintered Components España, S.L.
Metaldyne Sintered Components Mexico, S. de R.L. de C.V.
Metaldyne Sintered Components Services, S. de R.L. de C.V.
Metaldyne Sintered Ridgway, LLC
Metaldyne SinterForged Products, LLC
Metaldyne Tubular Components, LLC
Metaldyne Zell Verwaltungs GmbH
MetaldyneLux Holding S.á r.l.
MetaldyneLux S.á r.l.
MPG Holdco 1 Inc.
MPG Mexico, S. de R.L. de C.V. (fka Metaldyne Sintered Components Holdings, S. de R.L. de C.V.)
Novocast, S. de R.L. de C.V.
Novogredetek Holdings, S. de R.L. de C.V.
Punchcraft Machining and Tooling, LLC
Shop IV Subsidiary Investment (Grede), LLC f/k/a Shop IV Subsidiary Investment (Grede), Inc.
Skokie Castings LLC
The Mesh Company, LLC.
Transformaciones Especializadas NC, S.A. de C.V. (f/k/a Novocast Industrias, S.A. de C.V.)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-200871 on Form S-8 and Registration Statement No. 333-209036 on Form S-3 of our reports dated March 2, 2017 relating to the consolidated financial statements and financial statement schedule of Metaldyne Performance Group Inc. and subsidiaries (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K of Metaldyne Performance Group Inc. for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Detroit, MI
March 6, 2017

Exhibit23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Metaldyne Performance Group Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-209036) on Form S-3 and in the registration statement (No. 333-200871) on Form S-8 of Metaldyne Performance Group Inc. of our report dated February 29, 2016, except for the effects of the retrospective application of ASU 2015-03, Interest – Imputation of Interest (Topic 835-30), as disclosed in Note 4, to which the date is March 2, 2017, with respect to the consolidated balance sheet of Metaldyne Performance Group Inc. as of December 31, 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2015, and the related financial statement schedule for each of the years in the two-year period ended December 31, 2015, which report appears in the December 31, 2016 Annual Report on Form 10-K of Metaldyne Performance Group Inc.

/s/ KPMG LLP

Detroit, Michigan
March 6, 2017

EXHIBIT 31.1

RULE 13A-14(A)/15D-14(A) CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, George Thanopoulos, certify that:

1. I have reviewed this Annual Report on Form 10-K of Metaldyne Performance Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 6, 2017

/s/ George Thanopoulos

George Thanopoulos
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13A-14(A)/15D-14(A) CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Mark Blaufuss, certify that:

1. I have reviewed this Annual Report on Form 10-K of Metaldyne Performance Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2017

/s/ Mark Blaufuss

Mark Blaufuss
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32

Certifications of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350

In connection with the Annual Report of Metaldyne Performance Group Inc. (the “Company”) on Form 10-K for the period ended December 31, 2016 (the “Report”), each of the undersigned officers of the Company certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of such officer’s knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2017

/s/ George Thanopoulos	/s/ Mark Blaufuss
Signature	Signature
George Thanopoulos	Mark Blaufuss
Chief Executive Officer	*Chief Financial Officer*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.