

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WISCONSIN**

In Re:

GREDE FOUNDRIES, INC., et al.¹

Case No. 09-14337

Debtors.

Chapter 11

Hon. Robert D. Martin

AFFIDAVIT OF ERIC W. EK

Eric W. Ek, being first duly sworn hereby deposes and says as follows:

1. I make this Affidavit in support of the Motion of the Debtors for Orders: (A)(I) Approving Sale Procedures; (II) Approving Breakup Fees and Certain Other Costs and Expenses; (III) Scheduling a Hearing to Consider Sale of Substantially All of the Debtors' Assets; (IV) Approving Form and Manner of Notice Thereof; and (V) Granting Related Relief; and (B)(I) Authorizing the Sale of Such Assets Free and Clear of Liens, Claims, Encumbrances and Interests; (II) Authorizing and Approving Asset Purchase Agreement Related Thereto; (III) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Related Thereto; and (IV) Granting Related Relief ("Motion").

2. I am currently employed by Conway, Del Genio, Gries & Co., LLC ("CDG"), which has been retained in this case as the financial advisor to Grede Foundries, Inc. ("Grede"), one of the debtors in these cases. The contemplated sale which is the subject of the Motion ("Sale") involves the sale of substantially all of the remaining assets of Grede, including but not

¹ The Debtors in this jointly administered proceedings are Grede Foundries, Inc. ("Grede"), Grede Transport, Inc. and Grede-Pryor, Inc.

limited to six operating plants in five states and the Grede corporate headquarters in Milwaukee, Wisconsin.

3. During the course of my engagement at Grede, I have acted as Grede's Chief Restructuring Officer and together with my partner, Robert Del Genio, and Richard Koenings, the Chairman of the Board of Directors of Grede, have been responsible for the strategies, operations and sale process undertaken in this proceeding.

4. While the Sale has been pursued throughout this case as one of several alternatives for Grede, CDG has also worked with Grede and its Board of Directors ("Board") to evaluate and pursue, if possible, a plan of reorganization ("Plan") that would not include any type of sale of Grede's principal operations. The Plan alternative has been the preferred alternative by the Board and CDG has tried to formulate a business approach to support a Plan.

5. Unfortunately, CDG along with the Grede Board, has determined that Grede's relatively heavy debt structure combined with the current condition of the credit markets and the current economic recession, make it unlikely that Grede would be able to propose a feasible Plan and that pursuit of a Plan would create a substantial risk that Grede's employees and customers would be severely harmed.

6. The idea to sell Grede is not new. Approximately two years before the Chapter 11 began, Grede engaged the Huron Consulting Group ("Huron"), a well known turnaround and investment banking firm, to seek additional investment in Grede and/or sell Grede. Huron searched for additional investors and attempted to sell the company for most of the two year period, contacting hundreds of potential investors and buyers, with no success.

7. In connection with marketing Grede, Huron set up an electronic data room for due diligence purposes and spent enormous amounts of time and effort in the search for a suitable buyer.

8. During the month prior to the filing of the Chapter 11 proceeding, CDG continued efforts to find suitable investors and/or buyers for Grede.

9. Once the Chapter 11 proceeding began on June 30, 2009, CDG expanded its search and entered into a full scale marketing program, attempting to seek additional financing and/or a buyer for Grede. These efforts included a concerted search for a stalking horse bidder. CDG worked through the marketing and stalking horse process with the assistance of Benedetto, Gartland and Company, Inc. ("Benedetto"), financial advisors to the Official Committee of Unsecured Creditors.

10. During the course of CDG's efforts to market Grede, it contacted over 240 potential buyers and sent bid packages to more than 45 potential stalking horse candidates. It has followed up on mailings with calls and emails to numerous principals and advisors to ensure that all potentially interested parties had notice of the proposed sale and an opportunity to perform due diligence and bid.

11. By September 16, 2009, CDG had received four letters of intent and a strong expression of interest in buying from a source that did not want to be a stalking horse. The letters of intent came from DDJ Capital Management, Inc. ("DDJ"), the second lien lender in this case, Diversified Machine, Inc., a competitor of Grede, Citation Corporation, a competitor of Grede and Atlas Holdings, Inc., an investment fund with financial interests in businesses similar to Grede's.

12. DDJ was selected as the stalking horse bidder and an asset purchase agreement was negotiated to near completion when Wayzata Opportunity Fund II, LLC ("Wayzata") purchased DDJ's second lien position in this case and the opportunity to replace DDJ as the stalking horse bidder.

13. The purchase of DDJ's position by Wayzata occurred on October 26, 2009 and an Asset Purchase Agreement was quickly concluded with Wayzata and filed with the Court.

14. During the negotiations with DDJ and Wayzata, and continuing after the completion of an Asset Purchase Agreement, CDG and Mr. Koenings continued intense negotiations with several parties, including Atlas Holdings, Inc.

15. The potential bidder that indicated in September that it did not desire to be a stalking horse bidder, but wanted to bid at the final sale, was a group organized by a relative of a shareholder and became the most viable alternative bidder (the "Alternative Bidder"). The Alternative Bidder included MAT Industries and MacLean-Fogg Company, two large and diversified companies which serve auto and equipment industries. They retained Robert W. Baird & Company as investment advisors who did extensive due diligence and financial modeling on Grede.

16. The Alternative Bidder was joined by Weichai, a very large publicly traded Chinese firm which also owns a foundry business as one of its many manufacturing interests.

17. Ultimately, Weichai dropped out of the process and was replaced by Diversified Machine, Inc., one of the four entities that offered to be the stalking horse bidder in September. Diversified Machine, Inc. was supported by its large investor, The Carlyle Group. The Alternative Bidder qualified itself as a Qualified Bidder, but chose not to make a topping bid,

based on the price and terms being offered by Wayzata through its subsidiary, Iron Operating, LLC.

18. Grede has been exposed to all known potential bidders, some of which have performed extensive due diligence on Grede. The seriously interested potential bidders have been encouraged to bid and provided with due diligence materials and plant access. They are sophisticated entities and, for the most part, possess ample resources to provide a competing bid if they believed that the assets included in the Sale are underpriced.

19. It is clear that all potential bidders have had ample opportunity to determine if they desire to make a topping bid for Grede' assets.

20. Additional time to sell or market the assets of Grede would not be helpful to the Sale process. CDG believes it has exhausted all practical avenues to discover a buyer that may be willing to purchase the assets of Grede on higher and better terms than the terms than the price and terms offered by Wayzata through its subsidiary, Iron Operating, LLC.

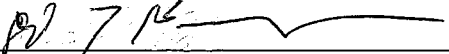
21. It is the conclusion of CDG as the financial advisor to Grede that the Sale is in the best interests of the Grede Chapter 11 Estate and that failure to proceed is likely to be harmful to the interests of the Estate.

Dated this 17th day of December, 2009.



Eric W. Ek

Subscribed and sworn to before me
this 18th day of December, 2009


Notary Public, State of Wisconsin
My Commission: permanent