AMERICAN AXLE & MANUFACTURING HOLDINGS INC
Form 424B3
December 07, 2009

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-162550

Subject to completion, dated December 7, 2009

Preliminary Prospectus Supplement
(To Prospectus dated December 7, 2009)

American Axle & Manufacturing Holdings, Inc.

14,000,000 Shares

Common Stock

We are offering 14,000,000 shares of our common stock, par value $0.01 per share.

Our common stock is quoted on the New York Stock Exchange (NYSE) under the symbol AXL. The last reported sales price of our common stock as reported on the NYSE on December 4, 2009 was $7.15 per share.

Investing in the shares involves risks. See Risk factors on page S-10 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Initial price to public	$	$

Underwriting discount	$	$
Proceeds, before expenses, to American Axle & Manufacturing Holdings, Inc.	$	$

We have granted the underwriters a 30-day option to purchase up to 2,100,000 additional shares from us at the initial price to the public less the underwriting discount to cover over-allotments.

The underwriters expect to deliver the shares against payment in New York, New York on December , 2009.

J.P. Morgan **BofA Merrill Lynch**

Barclays Capital

Credit Suisse

KeyBanc Capital Markets

Comerica Securities

Prospectus Supplement dated December , 2009

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. American Axle & Manufacturing Holdings, Inc. has not authorized anyone to provide you with different information.

We are not making an offer of the shares of common stock covered by this prospectus supplement in any jurisdiction where the offer is not permitted.

You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the respective dates thereof.

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock. The second part, the accompanying prospectus, gives more general information about the common stock we may offer from time to time. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Except as otherwise specified, the words Holdings, the Company, we, our, ours and us refer to American Axl Manufacturing Holdings, Inc. and its consolidated subsidiaries, including American Axle & Manufacturing, Inc. (AAM), and common stock refers to our common stock, $0.01 par value per share.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement is current only as of its date.

Forward-looking statements

Except for the historical information contained herein, this prospectus supplement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management s current forecast of certain aspects of our future. The terms such as will, may, could, would, plan, believe, expect, anticipate, intend, project, and similar words or expressions, as well as statements in future tens intended to identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management s good faith belief as of that time with respect to future events and are subject to risks and may differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

global economic conditions;

our ability to comply with the definitive terms and conditions of various commercial and financing arrangements with General Motors LLC (GM);

reduced purchases of our products by GM, Chrysler LLC (Chrysler) or other customers;

reduced demand for our customers products (particularly light trucks and sport utility vehicles (SUVs) produced by GM and Chrysler);

availability of financing for working capital, capital expenditures, R&D or other general corporate purposes, including our ability to comply with financial covenants;

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our customers and suppliers availability of financing for working capital, capital expenditures, R&D or other general corporate purposes;

the impact on us and our customers of requirements imposed on, or actions taken by, our customers in response to the U.S. government s ownership interest, the Troubled Asset Relief Program or similar programs;

our ability to continue to achieve cost reductions through ongoing restructuring actions;

additional restructuring actions that may occur;

our ability to achieve the level of cost reductions required to sustain global cost competitiveness;

our ability to maintain satisfactory labor relations and avoid future work stoppages;

our suppliers , our customers and their suppliers ability to maintain satisfactory labor relations and avoid work stoppages;

our ability to continue to implement improvements in our U.S. labor cost structure;

supply shortages or price increases in raw materials, utilities or other operating supplies;

currency rate fluctuations;

our ability and our customers and suppliers ability to successfully launch new product programs on a timely basis;

our ability to realize the expected revenues from our new and incremental business backlog;

our ability to attract new customers and programs for new products;

our ability to develop and produce new products that reflect market demand;

lower-than-anticipated market acceptance of new or existing products;

our ability to respond to changes in technology, increased competition or pricing pressures;

price volatility in, or reduced availability of, fuel;

adverse changes in laws, government regulations or market conditions affecting our products or our customers products (such as the Corporate Average Fuel Economy (CAFE) regulations);

adverse changes in the political stability of our principal markets (particularly North America, Europe, South America and Asia);

liabilities arising from warranty claims, product liability and legal proceedings to which we are or may become a party;

changes in liabilities arising from pension and other postretirement benefit obligations;

risks of noncompliance with environmental regulations or risks of environmental issues that could result in unforeseen costs at our facilities;

our ability to attract and retain key associates;

other unanticipated events and conditions that may hinder our ability to compete; and

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other factors detailed in the section entitled Risk factors commencing on page S-10 of this prospectus supplement.

All future written and oral forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this section or elsewhere in, or incorporated by reference into, this prospectus supplement. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in, or incorporated by reference into, this prospectus supplement may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this prospectus supplement are cautioned not to place undue reliance on the forward-looking statements.

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Summary

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer before making an investment decision. Some of the statements in this Summary are forward-looking statements. Please see Forward-looking statements for more information regarding these statements.

Our business

We are a Tier I supplier to the automotive industry. We manufacture, engineer, design and validate driveline and drivetrain systems and related components and chassis modules for light trucks, SUVs, passenger cars, crossover vehicles and commercial vehicles. Driveline and drivetrain systems include components that transfer power from the transmission and deliver it to the drive wheels. Our driveline, drivetrain and related products include axles, chassis modules, driveshafts, power transfer units, transfer cases, chassis and steering components, driving heads, crankshafts, transmission parts and metal-formed products.

Our principal served market of $34.0 billion, as estimated based on information available at the end of 2008, is the global driveline market which consists of driveline, drivetrain and related components and chassis modules for light trucks, SUVs, passenger cars, crossover vehicles and commercial vehicles.

The following chart sets forth the percentage of total revenues attributable to our products for the periods indicated:

	Twelve Months Ended December 31,		
	2008	**2007**	**2006**
Axles and driveshafts	79.2%	84.4%	85.0%
Chassis components, forged products and other	20.8%	15.6%	15.0%
Total	100.0%	100.0%	100.0%

We are the principal supplier of driveline components to GM for its rear-wheel drive (RWD) light trucks and SUVs manufactured in North America, supplying substantially all of GM s rear axle and front four-wheel drive and all-wheel drive (4WD/AWD) axle requirements for these vehicle platforms. Sales to GM were approximately 78% of our total net sales in the first nine months of 2009, 74% in the full year of 2008 and 78% in the full year of 2007.

We are the sole-source supplier to GM for certain axles and other driveline products for the life of each GM vehicle program covered by a Lifetime Program Contract (LPC). In connection with certain bankruptcy cases involving GM, on September 16, 2009, we entered into a Settlement and Commercial Agreement (the GM Settlement Agreement) by and among GM, Holdings and AAM, whereby GM terminated the existing LPCs and confirmed new LPCs.

Substantially all of our sales to GM are made pursuant to the new LPCs. The new LPCs have terms equal to the lives of the relevant vehicle programs or their respective derivatives, which typically run 6 to

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10 years, and require us to remain competitive with respect to technology, design and quality, among other factors.

We are also the principal supplier of driveline system products for Chrysler s heavy-duty Dodge Ram full-size pickup trucks (Dodge Ram program) and its derivatives. Sales to Chrysler accounted for approximately 7% of our total net sales in the first nine months of 2009, 10% in the full year of 2008 and 12% in the full year of 2007.

In addition to GM and Chrysler, we supply driveline systems and other related components to PACCAR Inc., Volkswagen, Harley-Davidson, Deere & Company, Tata Motors, Mack Truck, Ford Motor Company (Ford) and other original equipment manufacturers (OEMs) and Tier I supplier companies such as Jatco Ltd. and Hino Motors, Ltd. Sales to customers other than GM and Chrysler accounted for approximately 15% of our total net sales in the first nine months of 2009 as compared to 16% in the full year of 2008 and 10% in the full year of 2007.

We typically enter into agreements with our customers to provide axles or other driveline or drivetrain products for the life of our customers vehicle programs. Our new and incremental business backlog includes formally awarded programs and incremental content and volume including customer requested engineering changes. Our backlog may be impacted by various assumptions, many of which are provided by our customers based on their long range production plans. These assumptions include future production volume estimates, changes in program launch timing and fluctuation in foreign currency exchange rates.

Our new and incremental business backlog was approximately $1.0 billion at October 30, 2009. We expect to launch approximately $700.0 million of our new and incremental business backlog in the 2010, 2011 and 2012 calendar years. The balance of the backlog is planned to launch in 2013 and 2014. Approximately 45% of our new business backlog relates to AWD and RWD applications for passenger cars and crossover vehicles. Approximately 70% of our new business backlog will be for end use markets outside of North America and approximately 80% of our new business backlog has been sourced to our non-U.S. facilities.

Business strategy

We are focused on increasing our net sales, profitability and cash flow, and strengthening our balance sheet by providing exceptional value to our customers, capitalizing on our competitive strengths and continuing to diversify our customer, product, and geographic sales mix. In 2006, we initiated a Restructuring, Resizing, and Profit Recovery plan in order for us to achieve a cost structure in line with current and projected levels of customer demand and market requirements. The comprehensive, multi-year plan has proven successful, yielding significant, permanent structural cost reductions and driving our operating breakeven level down to a U.S. seasonally adjusted annual rate of sales (SAAR) equivalent of approximately 10.0 million vehicle units. These actions position us to significantly improve profitability and free cash flow performance as global economic conditions improve.

While continuing to emphasize our outstanding track record of operational excellence, we are now focused on accelerating progress on two critical business objectives, profitable growth and business diversification. These critical business objectives include the following actions:

Advancing the diversification and innovation of our product portfolio to increase our total global served market.

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We have invested more than $800.0 million in research and development since 1994, resulting in the development of products with industry leading technology for driveline and drivetrain systems and related components for light trucks, SUVs, passenger cars, crossover vehicles, and commercial vehicles.

We have accelerated the development and launch of products for passenger cars and crossover vehicles and the global light truck and commercial vehicle markets. As of October 30, 2009, we had approximately $1.0 billion of new and incremental business backlog launching from 2010 to 2014, of which approximately 45% relates to AWD and RWD applications for passenger cars and crossover vehicles and of which approximately 35% relates to driveline applications for the global non U.S. light truck and commercial vehicle markets.

Growing new customer relationships to continue the diversification of our customer base and product portfolio.

We have focused on generating profitable growth with new and existing global OEM customers, as well as commercial vehicle, off-road, and emerging market OEMs. As a result, new business launches in 2010 and 2011 include business with Volkswagen, Audi, Nissan, Mack Truck, Tata Motors, Brilliance China Automotive Co., Ltd., Chery Automobile Co., Ltd., and Mahindra Navistar Automotives Ltd.

As of October 30, 2009, we are quoting on approximately $700.0 million in new business opportunities to continue the diversification and expansion of our customer base, product portfolio and global footprint.

Increasing our exposure to global growth markets to support our customers global platforms and establish regional cost competitiveness.

We have more than doubled our global installed capacity to support current and future opportunities. Specific actions include expanding facilities in Mexico, Brazil, and Poland, investing in our China joint venture, and constructing new facilities in India and Thailand.

As of October 30, 2009, approximately 70% of our $1.0 billion of new and incremental business backlog launching from 2010 to 2014 is for end use markets outside of North America and approximately 80% of our new and incremental business backlog has been sourced to facilities outside of the U.S.

Sustaining our operational excellence and focus on cost management to deliver exceptional value to our customers and enhance profitability.

Our focus on cost management has led to annual structural labor cost reductions in excess of $700.0 million due to new labor agreements at the original U.S. locations, resizing the salaried workforce, and other labor, benefits, and selling, general and administrative spending cuts.

Competitive strengths

The following competitive strengths support our business strategy:

We are a leading global automotive supplier of driveline and drivetrain systems and related components for light trucks, SUVs, passenger cars, crossover vehicles and commercial vehicles.

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We are the principal supplier of driveline components to GM for its RWD light trucks and SUVs manufactured in North America, supplying substantially all of GM s rear axle and front 4WD/AWD axle requirements for the existing GMT900, GMT610 and GMT355 programs and derivatives. We are also the principal supplier of driveline system products for heavy-duty Dodge Ram program and its derivatives.

Approximately 45% of our new business backlog relates to AWD and RWD applications for passenger cars and crossover vehicles.

We have won important new business awards with new customers including Volkswagen, Audi, Mack Truck, Tata Motors, Nissan , Brilliance China Automotive Co., Ltd., Chery Automobile Co., Ltd., and Mahindra Navistar Automotives Ltd.

We are an automotive forging supplier, with advanced metal forming capabilities for axle and driveline components, transmission components, power transfer unit/transfer case components, chassis and steering components, wheel hubs and spindles and other related components. Our expertise in forging ranges from high volume applications to micro-alloyed parts, machined and assembly-ready for critical applications. We offer a full range of cold, warm and hot forging processes to meet the most rigorous product quality, reliability, and performance requirements. Our forging and metal forming capabilities provide important advantages in enhancing product design, ensuring supply continuity and improving quality, warranty, reliability, delivery and launch performance.

Outstanding long term daily track records on quality, reliability, delivery, and launch performance.

We have reduced our discrepant parts per million (PPM) performance, from 13,441 PPM in 1994 to 9 PPM as of October 2009, as defined by our largest customer.

Our Guanajuato manufacturing complex was awarded the 2009 Shingo Prize for operational excellence in manufacturing practices.

We have a strong track record of successfully supporting new product, process and facility launches, 29 of which were in 2009.

Demonstrated ability to capture cost savings.

Through our multi-year Restructuring, Resizing and Profit Recovery plan, we have reduced fixed operating costs by more than 50%. In total, annual cost cuts (fixed and variable) exceeded $700.0 million. This has reduced our operating breakeven to a U.S. SAAR equivalent of approximately 10.0 million vehicle units.

As a result of new labor agreements negotiated with the United Auto Workers (UAW) and International Association of Machinists and Aerospace Workers (IAM) in 2008, we converted the former fixed legacy labor cost structure to a highly flexible, competitive and variable cost structure.

We continuously evaluate the need to rationalize capacity through consolidation, divesture, idling or closing facilities to maximize productivity and capacity utilization, and further minimize operating and overhead costs.

Cost competitive, operationally flexible global manufacturing, engineering and sourcing footprint.

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We have re-aligned our global installed capacity to increase exposure to global growth markets, support global product development initiatives and establish regional cost competitiveness. This includes having manufacturing facilities in the U.S., Mexico, Brazil, China, India, Thailand and Poland.

Approximately 80% of our $1.0 billion new and incremental business backlog (valued as of October 30, 2009), has been sourced from non-U.S. manufacturing facilities.

All of our global facilities utilize the AAM Manufacturing System, a business philosophy focused on lean manufacturing designed to facilitate cost reductions, improve quality, reduce inventory and improve our operating flexibility.

Long-term commitment to develop highly engineered, innovative product, process and systems technology.

We have global engineering capabilities with state of the art product and systems development and analysis tools.

We have had no product recalls in our Company s history.

Our advanced product technology reduces the noise, vibration and harshness characteristics of our products while providing enhancements to our customers packaging, performance and handling, fuel efficiency and mass reduction initiatives. This includes our PowerLite® axles, PowerDense® gear sets, PowerFilm® gear lubrication, and TracRite® axle differentials.

Highly motivated, trained, and experienced management team.

Richard E. Dauch has been Chief Executive Officer and a member of the Board of Directors since the Company began operations in March 1994 and Chairman of the Board of Directors since October 1997. Mr. R. E. Dauch has more than 44 years of experience in the automotive industry, including service at Chrysler Corporation and Volkswagen of America. While at Chrysler, Mr. R. E. Dauch established the just-in-time materials management system and the three-shift manufacturing vehicle assembly process. He has lectured extensively on the subject of manufacturing and authored the book, Passion for Manufacturing, which is distributed in colleges and universities globally and in several languages.

David C. Dauch joined AAM in July 1995 and has been President and Chief Operating Officer since June 2008. During his 14 years with the Company, he has served in various officer level positions, including in manufacturing, operations, sales and purchasing. He began his automotive career in 1982, as a manufacturing co-op student with Chrysler and continued with Chrysler s summer program until he completed his bachelor s degree. Mr. D. C. Dauch has more than 27 years of experience in the automotive industry.

John J. Bellanti has been an Executive Vice President of Worldwide Operations since September 2008. Prior to assuming his current position, Mr. Bellanti served in numerous operational leadership capacities for the Company, including officer level positions in engineering and product development, manufacturing services, capital planning and cost estimating and as AAM s Chief Technology Officer. Prior to joining the company in 1994, Mr. Bellanti spent 22 years at GM in various capacities contributing to his extensive automotive manufacturing experience.

Michael K. Simonte is a certified public accountant and has been Executive Vice President of Finance and Chief Financial Officer of AAM since February 2009. Since joining AAM in

December 1998, Mr. Simonte served in various financial leadership capacities for the Company, including Treasury, financial reporting, capital planning, budgeting and analysis. Prior to joining the Company, Mr. Simonte served as a senior manager in the Detroit office of Ernst & Young LLP.

We employ more than 750 engineers in disciplines such as metallurgy, operating, electrical and mechanical engineering.

Business environment

In 2008, and continuing in 2009, the domestic automotive industry experienced a severe downturn. The collapse of the U.S. housing market, the global financial crisis, a lack of available consumer credit and financing options, rising unemployment, exceptionally low consumer confidence and wildly fluctuating fuel and commodity prices, among other factors, resulted in a sudden and major drop in industry production and sales volumes. These difficult market conditions exacerbated the financial pressure on the entire domestic automotive industry, and especially the domestic OEMs, resulting in bankruptcy filings by GM and Chrysler. Overall industry conditions during the first nine months of 2009 remained depressed when compared to recent years. The SAAR in North America declined from 16.1 million units in 2007 to 13.2 million in 2008 and is expected to range from 10.0 million to 10.2 million in 2009.

The domestic automotive industry began to show signs of a recovery in the third quarter of 2009 as North American production rose to nearly 2.36 million units, versus 1.70 million and 1.78 million units in the first and second quarters of 2009, respectively. North American production volumes were adversely impacted by the difficult economic environment, as well as extended summer production shutdowns by GM and Chrysler.

We believe that our major customers are at the end of a protracted inventory correction cycle. As of October 2009, GM and Chrysler have reported U.S. dealer inventory levels of 70 and 68 days, respectively, which compares to 126 and 113 days, respectively, in October 2008.

The following key trends have impacted, and are expected to continue to impact, the automotive industry and our business:

- Overall weakness in major developed economies, including high levels of unemployment, low consumer confidence, tightened credit markets and low demand for durable goods have adversely impacted the automotive industry in late 2008 and 2009;

- Restructuring actions by the major global OEMs which, in some cases, have involved and may continue to involve filing for bankruptcy protection and divesting or terminating brands, idling or closing plants, and eliminating platforms or delaying product launches;

- Consumer preferences, which appear to have shifted towards smaller, more fuel efficient vehicles;

- Overall commodity and currency volatility along with inflationary and deflationary pressures; and

- Pressure from OEMs to lower product pricing.

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Recent developments

In the second quarter of 2009, GM began an extended summer production shutdown for many of the facilities we support. In connection with its bankruptcy filing in May 2009, Chrysler also temporarily idled its manufacturing operations through its exit from bankruptcy later that month. The extended production shutdowns at GM and Chrysler in the second and third quarters of 2009 adversely affected net sales by $304.3 million and gross profits (loss) by $95.0 million.

The GM Settlement Agreement (as defined under Our business) governs our ongoing commercial relationship with GM and settles various historical disputes between us. Under the GM Settlement Agreement, GM agreed to provide us with $110.0 million on account of cure costs associated with contracts assumed and/or terminated by Motors Liquidation Company in its chapter 11 bankruptcy cases and certain other matters. We received $110.0 million in the third quarter of 2009. We also resolved the outstanding commercial obligations between AAM and GM and adjusted the installed capacity levels reserved for existing and awarded programs to reflect new estimates of market demand as agreed between the parties.

As part of the GM Settlement Agreement, we agreed to expedited payment terms of net 10 days from GM through June 30, 2011 (as compared to previously existing terms of approximately 45 days) in exchange for a 1% early payment discount (the Expedited Payment Terms). We will have the right to elect to continue to receive Expedited Payment Terms through December 31, 2013. Once we no longer receive Expedited Payment Terms, we will be paid on terms of approximately 50 days.

Under the GM Settlement Agreement, GM agreed to make available up to $100.0 million under a credit agreement, dated as of September 16, 2009, among AAM, Holdings and GM (as amended, the GM Second Lien Credit Agreement). Interest on borrowings under the GM Second Lien Credit Agreement is payable quarterly and is based on LIBOR (with a 2% floor) plus 12%. The GM Second Lien Credit Agreement matures on December 31, 2013 and cannot be terminated prior to June 30, 2011. AAM and Holdings cannot prepay amounts borrowed under the GM Second Lien Credit Agreement until June 30, 2011 unless the source of prepayment is cash generated from ordinary course business operations. After June 30, 2011, borrowings are repayable at par from any source at any time prior to maturity. As of the date of this offering, there have been no borrowings made under the GM Second Lien Credit Agreement.

We issued to GM five year warrants, which entitle GM to purchase 4.1 million shares of our common stock at an exercise price of $2.76 per share. If we borrow against the GM Second Lien Credit Agreement, we will issue GM additional warrants to purchase a pro rata portion of up to an additional 12.5% of Holding s outstanding common stock at an exercise price of $2.76 per share based upon the amount borrowed. These warrants will expire on September 16, 2014.

AAM is a party to the Access and Security Agreement dated September 16, 2009, between AAM and GM (the GM Access Agreement), which, upon the occurrence of certain specified events, entitles GM to use and have access to certain operating assets and real estate used for the production of GM component parts for a period of up to 360 days after GM validly invokes its right of access. Pursuant to the GM Access Agreement, GM was granted a security interest in the operating assets, real estate and intellectual property used for production of GM component parts to secure GM s right of access. This security interest securing GM s right of access is independent of and unrelated to the security interest granted by us to secure our and the guarantors obligations under the GM Second Lien Credit Agreement. GM s right of access under

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the GM Access Agreement continues for 90 days following the later of repayment and termination of the GM Second Lien Credit Agreement and termination of the Expedited Payment Terms. AAM is not permitted to terminate the GM Second Lien Credit Agreement or the receipt of Expedited Payment Terms prior to June 30, 2011. In addition, if AAM does not achieve compliance with the secured debt ratio under the Revolving Credit Agreement (as defined under Concurrent transactions Amendment and restatement of revolving credit agreement) as of March 31, 2011 (without regard to a waiver, amendment, forbearance or modification of such ratio) the GM Access Agreement automatically will be extended through March 31, 2012.

Concurrent transactions

Amendment and restatement of revolving credit agreement

In connection with this offering, after receiving the required consents, AAM is amending and restating its credit agreement dated as of January 9, 2004, as amended and restated as of September 16, 2009 (the Revolving Credit Agreement), among AAM, Holdings, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The amendment and restatement of the Revolving Credit Agreement is subject to the satisfaction of certain conditions (including, among others, the closing of the senior secured notes offering described below and receipt of a minimum amount of gross proceeds therefrom, or otherwise, on or before February 28, 2010) and will, among other things, (i) extend the maturity date with respect to the commitments and revolving loans of each lender that consents to the amendment, (ii) reduce the commitments of such consenting lenders and, to the extent such consenting lender s outstanding revolving loans exceed such lender s reduced commitment, prepay such revolving loans and (iii) change certain provisions relating certain covenants and events of default.

Senior secured notes offering

At or around the time of this offering, AAM is offering senior secured notes due 2017 (the senior secured notes) in a separate private offering. The senior secured notes will be unconditionally guaranteed on a senior secured basis, jointly and severally, by us and each of AAM s subsidiaries that is, on the date the senior secured notes are issued, a guarantor of AAM s obligations under our Revolving Credit Agreement and certain of AAM s future subsidiaries. The senior secured notes and the guarantees will be secured, subject to certain permitted liens and other exceptions and to certain limitations with respect to enforcement by substantially all of the assets of AAM and the guarantors on a first-priority basis equally and ratably with the obligations of AAM and the guarantors under our Revolving Credit Agreement and certain other first lien obligations. The senior secured notes have not been and will not be registered under the Securities Act of 1933, as amended (such senior secured notes offering, together with the use of proceeds therefrom, this equity offering and the amendment and restatement of the Revolving Credit Agreement, the Concurrent Transactions).

The senior secured notes offering and this equity offering are not conditioned on each other.

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The offering

Shares offered by the Company	14,000,000 shares of common stock (16,100,000 shares if the underwriters exercise their over-allotment option in full).
Shares outstanding after the offering[1]	69,563,283 shares of common stock (71,663,283 shares if the underwriters exercise their over-allotment option in full).
Use of proceeds	The net proceeds from this offering will be used for general corporate purposes. See Use of proceeds on page S-19.
New York Stock Exchange symbol	Our common stock is listed on the New York Stock Exchange under the symbol AXL.

[1] The number of shares of common stock to be outstanding after this offering is based on 55,563,283 shares of common stock outstanding as of September 30, 2009 and excludes shares reserved for issuance upon exercise of outstanding options or convertible securities and shares available for issuance under share incentive plans. In addition, this excludes any shares of common stock we may issue to GM in order to satisfy our obligations to it under the Warrant Agreement between AAM and GM, dated September 16, 2009 (the GM Warrant Agreement).

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Risk factors

You should carefully consider the specific risk factors set forth below as well as the other information contained or incorporated by reference in this prospectus supplement and accompanying prospectus before purchasing any shares of common stock. Some factors in this section are forward-looking statements. For a discussion of those statements and of other factors for investors to consider, see Forward-looking statements.

Risks related to our business

General economic conditions may have an adverse impact on our operating performance and results of operations and our customers operating performance and results of operations, which may affect our ability and our customers ability to raise capital.

The ongoing global financial crisis has impacted our business and our customers business in the U.S. and globally. Longer term disruptions in the capital and credit markets could further adversely affect our customers and our ability to access needed liquidity for working capital. Sustained weakness in general economic conditions and/or financial markets in the U.S. or globally could adversely affect our ability and our customers ability to raise capital on favorable terms. From time to time we have relied, and may also rely in the future, on access to financial markets as a source of liquidity for working capital requirements, acquisitions and general corporate purposes not satisfied by cash-on-hand or operating cash flows. The inability to raise capital on favorable terms, particularly during times of uncertainty in the financial markets similar to that which is currently being experienced in the financial markets, could adversely impact our ability to sustain our businesses and would likely increase our capital costs.

In addition, purchases of our customers products may be limited by their customers inability to obtain adequate financing for such purchases. The SAAR of U.S. vehicle sales declined from approximately 15.0 million units at the beginning of 2008 to approximately 10.0 million units at the end of 2008 and throughout a majority of 2009. During 2009, the automotive industry experienced its lowest U.S. domestic selling rate in over 25 years. Continued weakness or deteriorating conditions in the U.S. or global economy that results in further reduction of automotive production and sales by our largest customers may continue to adversely affect our business, financial condition and results of operations. Additionally, in a down-cycle economic environment, we may experience the negative effects of increased competitive pricing pressure and customer turnover.

Our business and financial condition and results of operations could be adversely affected if we fail to comply with the terms and conditions of the various commercial and financing agreements with GM.

In 2009, AAM entered into the GM Second Lien Credit Agreement, the GM Warrant Agreement, the GM Settlement Agreement and the GM Access Agreement (collectively the GM Agreements) with GM. These agreements govern the commercial relationships between GM and AAM and provide AAM with both Expedited Payment Terms and a second lien term loan facility. Upon the occurrence of certain specified events, which generally involve a material and imminent breach of AAM s supply obligations at any specified facility, the GM Access Agreement provides GM with the right to use and have access to the operating assets and real estate used by AAM at such facility to manufacture, process and ship GM component parts produced at such AAM facility and to use certain of AAM s intellectual property necessary to manufacture such component parts on a royalty-free basis for up to a period of 360 days, as well as to resource component part production to alternative suppliers. The invoking of its right of access by GM could have a material adverse impact on our business and results of operations and financial condition. In addition, should AAM be ineligible for Expedited Payment Terms under the GM Agreements or a default occurs that results in acceleration of any of its indebtedness or the inability to draw under its credit facilities, including the GM Second Lien Credit Agreement, it would have a material adverse impact on our financial condition.

Our business is significantly dependent on sales to GM and Chrysler.

We are the principal supplier of driveline components to GM for its RWD light trucks and SUVs manufactured in North America, supplying substantially all of GM s 4WD/AWD axle requirements for these vehicle platforms. Sales to GM were approximately 78% of our total net sales in the first nine months of 2009, 74% in the full year of 2008 and 78% in the full year of 2007. A reduction in our sales to GM or a reduction by GM of its production of RWD light trucks or SUVs, as a result of market share losses of GM or otherwise, could have a material adverse effect on our results of operations and financial condition.

We are also the principal supplier of driveline system products for the Chrysler Group s Dodge Ram program and its derivatives. Sales to Chrysler accounted for approximately 7% of our total net sales in the first nine months of 2009, 10% in the full year of 2008 and 12% in the full year of 2007. A reduction in our sales to Chrysler or a reduction by Chrysler of its production of the Dodge Ram program, as a result of market share losses of Chrysler or otherwise, could have a material adverse effect on our results of operations and financial condition.

In addition, given our dependence on GM and Chrysler, at year end 2008 the uncertainty relating to GM and Chrysler s ability to continue operating as going concerns created uncertainty as to whether we would continue to be in compliance with our financial covenants. If we had failed to be in compliance and could not get a waiver of such failure, there would have been doubt as to our ability to continue as a going concern. See Summary Business environment.

Our business is dependent on the rear-wheel drive light truck and SUV market segments in North America.

A substantial portion of our revenue is derived from products supporting RWD light truck and SUV platforms in North America. Sales and production of light trucks and SUVs are being affected by many factors, including changes in consumer demand; product mix shifts favoring other types of light vehicles, such as front-wheel drive based crossover vehicles and passenger cars; fuel prices; and government regulation, such as the CAFE regulations and related emissions standards promulgated by federal and state regulators. In 2009, U.S. President Barack Obama announced proposed new CAFE regulations that would increase the U.S. fuel-economy standard industry average to 35.5 miles per gallon by year 2016. Our customers are currently assessing the impact of these regulations, including consumer preferences and demand for vehicles, which may have an adverse impact on the programs we currently supply. A reduction in this market segment could have a material adverse impact on our results of operations and financial condition.

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Our financial condition and operations may be adversely affected by a violation of financial and other covenants.

The Revolving Credit Agreement, the Term Loan Agreement the GM Second Lien Credit Agreement contain financial covenants related to secured indebtedness leverage an