

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- X
In re: : Chapter 11
: :
HAYES LEMMERZ INTERNATIONAL, : Case No. 01-11490 (MFW)
INC., et al., : :
: Jointly Administered
Debtors. : :
: :
----- X

**FIRST AMENDED JOINT PLAN OF REORGANIZATION
OF HAYES LEMMERZ INTERNATIONAL, INC. AND ITS
ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION**

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TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	A-1
ARTICLE I DEFINITIONS <u>DEFINITIONS</u> , RULES OF INTERPRETATION, AND COMPUTATION OF TIME	A-3
A. Scope of Definitions	A-3
B. Definitions	A-3
1.1 “503 Deadline”	A-3
1.2 “8.25% Subordinated Notes”	A-3
1.3 “8.25% Subordinated Notes Indenture”	A-3
1.4 “9.125% Subordinated Notes”	A-3
1.5 “9.125% Subordinated Notes (due June 2007)”	A-3
1.6 “9.125% Subordinated Notes (due July 2007)”	A-4
1.7 “9.125% Subordinated Notes Indenture (due June 2007)”	A-4
1.8 “9.125% Subordinated Notes Indenture (due July 2007)”	A-4
1.9 “11% Subordinated Notes”	A-4
1.10 “11% Subordinated Notes Indenture”	A-4
1.11 “Adequate Protection Payments”	A-4
1.12 “Administrative Claim”	A-4
1.13 “Administrative Convenience Claim”	A-5
1.14 “Affiliates”	A-5
1.15 1.14 “Allowed Claim”	A-5
1.16 1.15 “Allowed Class _ Claim”	A-5
<u>1.16</u> “Apollo”	<u>A-5</u>
1.17 “Avoidance Claims”	A-5
1.18 “Ballot”	A-6
1.19 “Bank Agent”	A-6
1.20 “Bankruptcy Code”	A-6
1.21 “Bankruptcy Court”	A-6
1.22 “Bankruptcy Rules”	A-6
1.23 “Bar Date”	A-6
1.24 “Bar Date Order”	A-6
1.25 “BMO”	A-6
1.26 “BMO-Bowling Green Synthetic Lease”	A-6
1.27 “BMO-Bowling Green Synthetic Lease Property”	A-7
1.28 “BMO Capital”	A-7
1.29 “BMO-Northville Synthetic Lease”	A-7
1.30 “BMO-Northville Synthetic Lease Property”	A-7

1.31	“BMO Synthetic Leases”	A-7
1.32	“BMO Synthetic Lease Claim”	A-7
1.33	“BMO Synthetic Lease Properties”	A-7
1.34	“BMO Synthetic Lease Secured Claim”	A-7
1.35	“BMO Synthetic Lessors”	A-7
1.36	“Business Day”	A-7
1.37	“Cash”	A-7 8
1.38	“Causes of Action”	A-8
1.39	“CBL”	A-8
1.40	“CBL-Air Conditioner Synthetic Lease”	A-8
1.41	“CBL-Other Equipment Synthetic Lease”	A-8
1.42	“CBL Synthetic Leases	A-8
1.43	“CBL Synthetic Lease Claim”	A-8
1.44	“CBL Synthetic Lease Equipment”	A-8
1.45	“CBL Synthetic Lease Secured Claim”	A-8
1.46	“Chapter 11 Case(s)”	A-8 9
1.47	“Claim”	A-9
1.48	“Claimholder”	A-9
1.49	“Claims Agent”	A-9
1.50	“Claims Objection Deadline”	A-9
1.50 <u>1.51</u>	“Class”	A-9
<u>1.52</u>	“Compromise Equity Value”	A-9
1.53 1.51	“Confirmation Date”	A-9
1.52 <u>1.54</u>	“Confirmation Hearing”	A-9
1.53 <u>1.55</u>	“Confirmation Hearing Notice”	A-9
1.54 <u>1.56</u>	“Confirmation Order”	A-9
1.55	“Convenience Class Election”	A-9 1.56
<u>1.57</u>	“Creditors’ Committee”	A-10 9
1.57 <u>1.58</u>	“Cure”	A-10 9
1.58 <u>1.59</u>	“D&O Claims”	A-10
1.59 <u>1.60</u>	“D&O Insurance”	A-10
1.60 <u>1.61</u>	“DIP Agent”	A-10
1.61 <u>1.62</u>	“DIP Credit Agreement”	A-10
1.62 <u>1.63</u>	“DIP Facility”	A-10
1.63 <u>1.64</u>	“DIP Facility Claim”	A-10
1.64 <u>1.65</u>	“DIP Facility Order”	A-10 11
1.65 <u>1.66</u>	“DIP Lenders”	A-10 11
1.66 <u>1.67</u>	“Deficiency Claim”	A-11
<u>1.68</u>	“Director Selection Committee”	A-11

<u>1.69</u>	1.67	“Disallowed Claim”	A-11
1.68	<u>1.70</u>	“Disbursing Agent”	A-11
1.69	<u>1.71</u>	“Disclosure Statement”	A-11
1.70	<u>1.72</u>	“Disputed Claim”	A-11 <u>12</u>
1.71	<u>1.73</u>	“Distribution Date”	A-11 <u>12</u>
1.72	<u>1.74</u>	“Distribution Reserve”	A-12
1.73	<u>1.75</u>	“Dresdner”	A-12
1.74	<u>1.76</u>	“Dresdner Synthetic Lease”	A-12
1.75	<u>1.77</u>	“Dresdner Synthetic Lease Claim”	A-12
1.76	<u>1.78</u>	“Dresdner Synthetic Lease Property”	A-12
1.77	<u>1.79</u>	“Dresdner Synthetic Lease Secured Claim”	A-12
<u>1.80</u>		“ERISA”	<u>A-13</u>
1.81	1.78	“Effective Date”	A-12 <u>13</u>
1.79	<u>1.82</u>	“Emergence Share Price”	A-12 <u>13</u>
1.80	<u>1.83</u>	“Employee Retention Plan”	A-12 <u>13</u>
1.81	<u>1.84</u>	“Estates”	A-13
1.82	<u>1.85</u>	“Exchange Act”	A-13
1.83	<u>1.86</u>	“Exhibit”	A-13
1.84	<u>1.87</u>	“Exhibit Filing Date”	A-13
1.85	<u>1.88</u>	“Existing Securities”	A-13
1.86	<u>1.89</u>	“Expense Advance”	A-13
1.87	<u>1.90</u>	“Face Amount”	A-13 <u>14</u>
1.88	<u>1.91</u>	“Final Order”	A-13 <u>14</u>
1.89	<u>1.92</u>	“Fiscal Year”	A-13 <u>14</u>
1.90	<u>1.93</u>	“General Unsecured Claim”	A-14
<u>1.94</u>		“Golden and Hall Settlement Agreements and Judgments”	<u>A-14</u>
1.95	1.91	“HLI”	A-14
1.92	<u>1.96</u>	“HLI Creditor Trust”	A-14
<u>1.97</u>		“HLI-Funding Corp.”	<u>A-15</u>
<u>1.98</u>		“HLI-Funding LLC”	<u>A-15</u>
1.99	1.93	“Holdback Amount”	A-14 <u>15</u>
1.94	<u>1.100</u>	“Holdback Escrow Account”	A-14 <u>15</u>
1.95	<u>1.101</u>	“Impaired”	A-14 <u>15</u>
1.96	<u>1.102</u>	“Indemnification Rights”	A-14 <u>15</u>
1.97	<u>1.103</u>	“Indemnitee”	A-14 <u>15</u>
1.98	<u>1.104</u>	“Indenture(s)”	A-15
1.99	<u>1.105</u>	“Insurance Coverage”	A-15
<u>1.106</u>		“Insured Workers’ Compensation Programs”	<u>A-16</u>

<u>1.107</u>	1.100	“Intercompany Claim”	A-15	<u>16</u>
1.101	<u>1.108</u>	“Intercreditor Agreement”	A-15	<u>16</u>
1.102	<u>1.109</u>	“Interest”	A-15	<u>16</u>
1.103	<u>1.110</u>	“Interestholder”	A-15	<u>16</u>
1.104	<u>1.111</u>	“Internal Revenue Code”	A-15	<u>16</u>
1.105	<u>1.112</u>	“Long Term Incentive Plan”	A-15	<u>16</u>
1.106	<u>1.113</u>	“Merger”	A-15	<u>16</u>
1.107	<u>1.114</u>	“Merger Agreement”	A-15	<u>16</u>
1.108	<u>1.115</u>	“Michigan Workers’ Compensation Programs”	A-17	<u>16</u>
<u>1.116</u>		“Miscellaneous Secured Claim”	A-16	<u>17</u>
1.109	<u>1.117</u>	“Motor Wheel SERP”	A-16	<u>17</u>
1.110	<u>1.118</u>	“Net Trust Recoveries”	A-16	<u>17</u>
1.111	<u>1.119</u>	“New Credit Facility”	A-16	<u>17</u>
1.112	<u>1.120</u>	“New Common Stock”	A-16	<u>17</u>
1.113	<u>1.121</u>	“New Holdco”	A-16	<u>18</u>
1.114	<u>1.122</u>	“New Holding Company Formation”	A-18	<u>18</u>
<u>1.123</u>		“New Operating Company”	A-16	<u>18</u>
1.115	<u>1.124</u>	“New Parent”	A-17	<u>18</u>
1.116		“New Senior Note Indenture”	A-17	
1.117		“New Senior Notes”	A-17	
1.118	<u>1.125</u>	“Noteholder”	A-17	<u>18</u>
1.119	<u>1.126</u>	“Ohio Workers’ Compensation Program”	A-18	<u>18</u>
<u>1.127</u>		“Old Common Stock”	A-17	<u>18</u>
1.120	<u>1.128</u>	“Old Common Stock Options”	A-17	<u>18</u>
1.121	<u>1.129</u>	“Other Priority Claim”	A-17	<u>18</u>
1.122	<u>1.130</u>	“PBGC”	A-18	<u>18</u>
<u>1.131</u>		“Pension Plan”	A-19	<u>19</u>
<u>1.132</u>		“Periodic Distribution Date”	A-17	<u>19</u>
1.123	<u>1.133</u>	“Person”	A-17	<u>19</u>
1.124	<u>1.134</u>	“Petition Date”	A-17	<u>19</u>
1.125	<u>1.135</u>	“Plan”	A-18	<u>19</u>
1.126	<u>1.136</u>	“Plan Schedules”	A-18	<u>19</u>
1.127	<u>1.137</u>	“Postpetition Interest”	A-18	<u>19</u>
1.128	<u>1.138</u>	“Prepetition Agent”	A-18	<u>19</u>
1.129	<u>1.139</u>	“Prepetition Credit Agreement”	A-18	<u>19</u>
1.130	<u>1.140</u>	“Prepetition Credit Facility”	A-18	<u>20</u>
1.131		“Prepetition Credit Facility Claim”	A-18	<u>132</u>
<u>1.141</u>		“Prepetition Credit Facility Secured Claim”	A-18	<u>20</u>
1.133	<u>1.142</u>	“Prepetition Lenders”	A-18	<u>20</u>

1.134	<u>1.143</u>	“Prepetition Lenders’ Payment Amount”	.....	<u>A-20</u>
	<u>1.144</u>	“Priority Tax Claim”	.....	<u>A-18</u> <u>20</u>
1.135	<u>1.145</u>	“Pro Rata”	.....	<u>A-19</u> <u>20</u>
1.136	<u>1.146</u>	“Professional”	.....	<u>A-19</u> <u>20</u>
1.137	<u>1.147</u>	“Professional Claim”	.....	<u>A-19</u> <u>20</u>
1.138	<u>1.148</u>	“Professional Fee Order”	.....	<u>A-19</u> <u>21</u>
1.139	<u>1.149</u>	“Projections”	.....	<u>A-19</u> <u>21</u>
1.140	<u>1.150</u>	“Record Date”	.....	<u>A-19</u> <u>21</u>
1.141	<u>1.151</u>	“Reinstated” or “Reinstatement”	.....	<u>A-19</u> <u>21</u>
1.142	<u>1.152</u>	“Released Parties”	.....	<u>A-20</u> <u>21</u>
1.143	<u>1.153</u>	“Remaining New Common Stock”	<u>A-20</u>	<u>Senior Note</u>
		“Proceeds”	.....	<u>A-22</u>
1.144	<u>1.154</u>	“Reorganized Debtors”	.....	<u>A-20</u> <u>22</u>
1.145	<u>1.155</u>	“Reorganized ...”	.....	<u>A-20</u> <u>22</u>
1.146	<u>1.156</u>	“Reorganizing Debtors”	.....	<u>A-22</u>
	<u>1.157</u>	“Restructuring Transaction(s)”	.....	<u>A-20</u> <u>22</u>
1.147	<u>1.158</u>	“Retained Actions”	.....	<u>A-20</u> <u>22</u>
1.148	<u>1.159</u>	“Retiree Medical Programs”	.....	<u>A-23</u>
	<u>1.160</u>	“SEC”	.....	<u>A-23</u>
	<u>1.161</u>	“Scheduled”	.....	<u>A-21</u> <u>23</u>
1.149	<u>1.162</u>	“Schedules”	.....	<u>A-21</u> <u>23</u>
1.150	<u>1.163</u>	“Security”	.....	<u>A-21</u> <u>23</u>
1.151	<u>1.164</u>	“Secured Claim”	.....	<u>A-21</u> <u>23</u>
1.152	<u>1.165</u>	“Senior Note Claims”	.....	<u>A-21</u> <u>23</u>
1.153	<u>1.166</u>	“Senior Notes”	.....	<u>A-21</u> <u>23</u>
1.154	<u>1.167</u>	“Senior Notes Indenture”	.....	<u>A-21</u> <u>24</u>
1.155	<u>1.168</u>	“Servicer”	.....	<u>A-21</u> <u>24</u>
1.156	<u>1.169</u>	“Short Term Incentive Plan”	.....	<u>A-22</u> <u>24</u>
1.157	<u>1.170</u>	“Solicitation Procedures Order”	.....	<u>A-22</u> <u>24</u>
1.158	<u>1.171</u>	“Subordinated Securities Claim”	.....	<u>A-22</u> <u>24</u>
1.159	<u>1.172</u>	“Subordinated Note Claims”	.....	<u>A-22</u> <u>24</u>
1.160	<u>1.173</u>	“Subordinated Notes”	.....	<u>A-22</u> <u>24</u>
1.161	<u>1.174</u>	“Synthetic Leases”	.....	<u>A-22</u> <u>24</u>
1.162	<u>1.175</u>	“Synthetic Lease Claims”	.....	<u>A-22</u> <u>25</u>
1.163	<u>1.176</u>	“Synthetic Lease Property”	.....	<u>A-22</u> <u>25</u>
1.164	<u>1.177</u>	“Synthetic Lessors”	.....	<u>A-22</u> <u>25</u>
1.165	<u>1.178</u>	“Synthetic Lessors Secured Claim”	.....	<u>A-23</u> <u>25</u>
1.166	“Taxable Holding Company Formation”			<u>A-23</u> <u>167</u>
	<u>1.179</u>	“Trust Advisory Board”	.....	<u>A-23</u> <u>25</u>

1.168	<u>1.180</u>	“Trust Agreement”	A-23	<u>25</u>
1.169	<u>1.181</u>	“Trust Assets”	A-23	<u>25</u>
1.170	<u>1.182</u>	“Trust Avoidance Claims”	A-23	<u>25</u>
1.171	<u>1.183</u>	“Trust Claims”	A-23	<u>25</u>
1.172	<u>1.184</u>	“Trust Expenses”	A-23	<u>25</u>
1.173	<u>1.185</u>	“Trust Recoveries”	A-23	<u>26</u>
1.174	<u>1.186</u>	“Trustee”	A-23	<u>26</u>
1.175	<u>1.187</u>	“Unimpaired”	A-24	<u>26</u>
1.176	<u>1.188</u>	“Unsecured Notes”	A-24	<u>26</u>
1.177	<u>1.189</u>	“Voting Deadline”	A-24	<u>26</u>
1.178	<u>1.190</u>	“Warrants”	A-24	<u>26</u>
	<u>1.191</u>	“Workers’ Compensation Programs”	A-24	<u>26</u>
C.		Rules of Interpretation	A-24	<u>26</u>
D.		Computation of Time	A-24	<u>27</u>
E.		Exhibits	A-24	<u>27</u>

ARTICLE II

		ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS	A-25	<u>27</u>
2.1		Administrative Claims	A-25	<u>27</u>
2.2		Priority Tax Claims	A-25	<u>28</u>

ARTICLE III

		CLASSIFICATION OF CLAIMS AND INTERESTS	A-26	<u>28</u>
3.1		Introduction	A-26	<u>28</u>
3.2		Unimpaired Classes <u>Class</u> of Claims	A-29	<u>A-26</u>
		(a) Class 1 - Other Priority Claims	A-26	
		(b) Class 2 - Administrative Convenience Claims	A-26	
3.3		Impaired Classes of Claims	A-26	<u>29</u>
	(a)	Class 3 <u>2</u> - Prepetition Credit Facility <u>Secured</u> Claims	A-27	<u>29</u>
	(b)	Class 4 <u>3</u> - Synthetic Lessor Secured Claims	A-27	<u>29</u>
	(c)	Class 5 <u>4</u> - Miscellaneous Secured Claims	A-27	<u>30</u>
	(d)	Class 6 <u>5</u> - Senior Note Claims	A-27	<u>30</u>
	(e)	Class 7 <u>6</u> - Subordinated Note Claims	A-27	<u>30</u>
	(f)	Class 8 <u>7</u> - General Unsecured Claims	A-27	<u>30</u>
	(g)	Class 9 <u>8</u> - Subordinated Securities Claims	A-27	<u>30</u>

3.4	Impaired Class of Interests	A-27	<u>30</u>
	(a) Class 10 - Interests	A-28	

ARTICLE IV

PROVISIONS FOR TREATMENT OF

	CLAIMS AND INTERESTS	A-28	<u>30</u>
--	----------------------	------	-----------

4.1	Class 1 (Other Priority Claims)	A-28	<u>30</u>
-----	---------------------------------	------	-----------

4.2	Class 2 (Administrative Convenience Claims)	A-28	
----------------	--	------	--

4.3	Class 3 <u>4.2</u> <u>Class 2</u> (Prepetition Credit Facility Secured Claims)	A-28	<u>31</u>
----------------	---	------	-----------

4.4 <u>4.3</u>	Class 4a <u>3a</u> (BMO Synthetic Lease Secured Claims)	A-29	<u>32</u>
---------------------------	--	------	-----------

4.5 <u>4.4</u>	Class 4b(a) <u>BMO Synthetic Lease Secured Claims with Respect to the BMO-Bowling Green Synthetic Lease.</u>		<u>A-32</u>
---------------------------	---	--	-------------

	(b) <u>BMO Synthetic Lease Secured Claims with Respect to the BMO-Northville Synthetic Lease.</u>		<u>A-33</u>
--	---	--	-------------

4.4	Class 3b (CBL Synthetic Lease Secured Claims)	A-29	<u>34</u>
-----	---	------	-----------

4.6 <u>4.5</u>	Class 4c(a) <u>CBL Synthetic Lease Secured Claims with Respect to the CBL-Air Conditioner Synthetic Lease.</u>		<u>A-34</u>
---------------------------	---	--	-------------

	(b) <u>CBL Synthetic Lease Secured Claims with Respect to the CBL-Other Equipment Synthetic Lease.</u>		<u>A-34</u>
--	--	--	-------------

4.5	Class 3c (Dresdner Synthetic Lease Secured Claims)	A-29	<u>35</u>
-----	--	------	-----------

4.7 <u>4.6</u>	Class 5 <u>4</u> (Miscellaneous Secured Claims)	A-30	<u>36</u>
---------------------------	--	------	-----------

4.8 <u>4.7</u>	Class 6 <u>5</u> (Senior Note Claims)	A-30	<u>36</u>
---------------------------	--	------	-----------

4.9 <u>4.8</u>	Class 7 <u>6</u> (Subordinated Note Claims)	A-31	<u>36</u>
---------------------------	--	------	-----------

4.10 <u>4.9</u>	Class 8 <u>7</u> (General Unsecured Claims)	A-31	<u>37</u>
----------------------------	--	------	-----------

4.11 <u>4.10</u>	Class 9 <u>8</u> (Subordinated Securities Claims)	A-32	<u>37</u>
-----------------------------	--	------	-----------

4.12 <u>4.11</u>	Class 10 <u>9</u> (Interests)	A-32	<u>37</u>
-----------------------------	--	------	-----------

4.13 <u>4.12</u>	Intercompany Claims.	A-32	<u>37</u>
-----------------------------	---------------------------------	------	-----------

4.14 <u>4.13</u>	Reservation of Rights.	A-32	<u>38</u>
-----------------------------	-----------------------------------	------	-----------

ARTICLE V

ACCEPTANCE OR REJECTION OF THE PLAN;
EFFECT OF REJECTION BY ONE OR MORE
IMPAIRED CLASSES OF CLAIMS OR INTERESTS A-33 38

5.1 Impaired Classes of Claims
and Interests Entitled to Vote A-33 38
5.2 Presumed Acceptances by Unimpaired Classes A-33 38
5.3 Classes Deemed to Reject Plan A-33 38
5.4 Confirmation Pursuant to Section 1129(b) of the
Bankruptcy Code A-33 39
5.5 Confirmability and Severability of a Plan A-33 39

ARTICLE VI

MEANS FOR IMPLEMENTATION OF THE PLAN A-34 39

6.1 Continued Corporate Existence A-34 39
6.2 Corporate Action A-34 39
6.3 Certificate of Incorporation and Bylaws A-34 40
6.4 Cancellation of Existing Securities and Agreements . . A-35 40
6.5 ~~Taxable~~ New Holding Company Formation A-35 41
6.6 Directors and Officers A-37 42
6.7 Employment, Retirement, Indemnification and
Other Agreements and Incentive Compensation
Programs A-37 43
6.8 6.8 Continuation of Workers' Compensation Programs. A-45
6.9 Implementation of the Long Term Incentive Program . A-38 45
~~6.9~~ 6.10 Termination of the Motor Wheel SERP A-39 46
~~6.10~~ 6.11 Enforcement of Subordination
Provisions / Intercreditor Agreements A-39 46
~~6.11~~ 6.12 Issuance of ~~New Senior Notes~~, New Common Stock
and Warrants A-39 46
~~6.12~~ 6.13 Post-Effective Date Financing A-39 47
~~6.13~~ 6.14 Restructuring Transactions A-40 47
~~6.14~~ 6.15 Preservation of Causes of Action A-40 48
~~6.15~~ Exclusivity Period A-41
6.16 Effectuating Documents; Further Transactions A-41 48

ARTICLE VII

UNEXPIRED LEASES AND EXECUTORY CONTRACTS A-42 48

7.1 Assumed Contracts and Leases A-42 48

7.2 Rejected Contracts and Leases A-42 49

7.3 Payments Related to Assumption of Executory
Contracts and Unexpired Leases A-43 50

7.4 Rejection Damages Bar Date A-43 50

ARTICLE VIII

PROVISIONS GOVERNING DISTRIBUTIONS A-43 50

8.1 Time of Distributions A-43 50

8.2 No Interest on Claims A-43 50

8.3 Disbursing Agent A-44 50

8.4 Surrender of Securities or Instruments A-44 51

8.5 Instructions to Disbursing Agent A-44 51

8.6 Services of Indenture Trustees, Agents and Servicers . A-44 51

8.7 Record Date for Distributions to Holders of
~~Debentures~~ Unsecured Notes A-52

8.8 Claims Administration Responsibility A-45 52

8.9 Delivery of Distributions A-45 52

8.10 Procedures for Treating and Resolving Disputed
~~Disputed~~ and Contingent Claims A-46 53

8.11 Fractional Securities; Fractional Dollars A-47 54

ARTICLE IX

ALLOWANCE AND PAYMENT OF
CERTAIN ADMINISTRATIVE CLAIMS A-48 55

9.1 DIP Facility Claim A-48 55

9.2 Professional Claims A-48 55

9.3 Substantial Contribution Compensation
and Expenses Bar Date A-49 56

9.4 Other Administrative Claims A-49 56

ARTICLE X

HLI CREDITOR TRUST A-50 57

10.1 Appointment of Trustee A-50 57

10.2 Assignment of Trust Assets to the HLI Creditor Trust A-50 57

10.3 The HLI Creditor Trust A-50 58

10.4 The Trust Advisory Board A-52 60

10.5 Funding of the Expense Advance A-53 61

10.6 Repayment of Expense Advance. A-54 61

10.7 Distributions of Trust Assets A-54 61

ARTICLE XI

EFFECT OF THE PLAN ON CLAIMS AND INTERESTS A-54 62

11.1 Revesting of Assets A-54 62

11.2 Discharge of the Debtors A-55 62

11.3 Compromises and Settlements A-55 63

11.4 Release of Certain Parties A-55 63

11.5 Setoffs A-56 63

11.6 Exculpation and Limitation of Liability A-56 64

11.7 Indemnification Obligations A-56 64

11.8 Injunction A-57 65

11.9 Release by Holders of Claims or Interests. A-65

11.10 Release by Debtors. A-65

ARTICLE XII

CONDITIONS PRECEDENT A-57 66

12.1 Conditions to Confirmation. A-57 66

12.2 Conditions to Consummation A-57 66

12.3 Waiver of Conditions to Confirmation or ConsummationA-59 69

ARTICLE XIII

RETENTION OF JURISDICTION A-60 69

ARTICLE XIV

<u>MISCELLANEOUS PROVISIONS</u>	A-62	<u>71</u>
14.1 Binding Effect	A-62	<u>71</u>
14.2 Modification and Amendments	A-62	<u>71</u>
14.3 <u>14.3</u> <u>Authorization/Consent of Creditor Constituencies</u>	A-72	<u>71</u>
<u>14.4</u> Withholding and Reporting Requirements	A-62	<u>72</u>
14.4 <u>14.5</u> Allocation of Plan Distributions Between Principal and Interest.	A-62	<u>72</u>
14.5 <u>14.6</u> Committees	A-62	<u>72</u>
14.6 <u>14.7</u> Revocation, Withdrawal, or Non-Consummation	A-63	<u>73</u>
14.7 <u>14.8</u> <u>Severability of Plan Provisions.</u>	A-73	<u>73</u>
<u>14.9</u> Notices	A-63	<u>74</u>
14.8 <u>14.10</u> Term of Injunctions or Stays	A-65	<u>76</u>
14.9 <u>14.11</u> Governing Law	A-66	<u>76</u>
14.10 <u>14.12</u> No Waiver or Estoppel	A-66	<u>76</u>

EXHIBITS

- Exhibit A List of Debtor Plan Proponents and Corresponding Bankruptcy Case Numbers
- Exhibit B Nonexclusive List of Retained Actions, Avoidance Claims and Trust Avoidance Claims
- Exhibit C Form of HLI Creditor Trust Agreement
- Exhibit D Summary of Long Term Incentive Plan
- Exhibit E Form of Warrant Agreement
- Exhibit F Form of Certificate of Incorporation
- Exhibit G Form of Bylaws
- Exhibit H Schedule of Rejected Unexpired Leases and Executory Contracts
- ~~Exhibit I Terms, Form and Indenture for the New Senior~~

INTRODUCTION

Hayes Lemmerz International, Inc. (“HLI”), those of its direct and indirect subsidiaries incorporated pursuant to the laws of various states of the United States (the “U.S. Subsidiaries”), and one subsidiary incorporated in Mexico, Industrias Fronterizas, S.A. de C.V. (“HLI-Industrias” and, collectively with HLI and the U.S. Subsidiaries, the “Debtors”), as debtors and debtors-in-possession in the above-captioned jointly administered chapter 11 reorganization cases, hereby propose the following reorganization plans for the resolution of the Debtors’ outstanding creditor claims and equity interests. A list of each of the Debtors proposing plans and their corresponding case numbers is attached hereto as Exhibit A. Debtors Hayes Lemmerz Funding Company, LLC (“HLI-Funding LLC”) and Hayes Lemmerz Funding Corporation (“HLI-Funding Corp.”) are not proposing plans and on the Effective Date (as defined herein) the Chapter 11 Cases (as defined herein) of both such Debtors shall be deemed to be dismissed.

With the exception of HLI-Industrias, none of HLI’s subsidiaries incorporated outside of the United States have commenced cases under chapter 11 of the Bankruptcy Code (as defined herein) or similar proceedings in any other jurisdictions. These non-Debtor foreign subsidiaries continue to operate their businesses in the ordinary course of business outside of bankruptcy.

Reference is made to the Disclosure Statement (as defined herein) for results of operations, projections for future operations, risk factors, a summary and analysis of the Plan and certain related matters. Each Debtor Other than HLI-Funding LLC and HLI-Funding Corp., each of the Debtors (collectively, the “Reorganizing Debtors”) is a proponent of a Plan contained herein within the meaning of section 1129 of the Bankruptcy Code. Capitalized terms used but not defined in this Introduction have the meanings ascribed to them in Article I of this Plan.

The Plan contemplates that each of the Reorganizing Debtors will be reorganized entities after consummation of the Plan. Additionally, a new holding company structure will be created ~~in order to realize potential tax advantages~~. The Plan further contemplates that holders of the Debtors’ prepetition senior secured credit facility will receive a distribution of ~~new senior notes (i.e., New Senior Notes) to be issued by New Operating Company, which will be the surviving entity after a merger transaction with Reorganized HLI,~~ cash and a portion of the new equity securities (i.e., New Common Stock) to be issued by New Holdco (as defined herein). The remaining portion of New Common Stock shall be distributed to the Reorganizing Debtors’ unsecured creditors based on their relative priorities vis-à-vis the Reorganized Debtors and other creditors.

Existing holders of HLI common stock and stock options will receive no distribution on account of their existing equity interests in HLI.

These reorganization cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the United States Bankruptcy Court for the District of Delaware. ~~This Plan contemplates the substantive consolidation of the Debtors for the purpose of distribution.~~ Immediately after consummation of the Plan, certain Debtors will be dissolved or merged (or combined in another form of transaction) with another Debtor as a means of implementing this Plan with respect to the Debtors. For voting and distribution purposes, the Plan contemplates separate classes for each Reorganizing Debtor. The distributions to be made to the claimant, in each of the classes of creditor claims and equity interests for each Reorganizing Debtor, are set forth in Article III herein.

Under section 1125(b) of the Bankruptcy Code, a vote to accept or reject the Plan may not be solicited from a Claimholder ~~or Interestholder~~ until the Disclosure Statement has been approved by the Bankruptcy Court and distributed to Claimholders and Interestholders. ALL CLAIMHOLDERS WHO ARE ELIGIBLE TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and Articles XII and XIV of this Plan, the Debtors expressly reserve their right to alter, amend or modify this Plan, one or more times, before the Plan's substantial consummation.

ARTICLE I

DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

A. Scope of Definitions

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever it appears appropriate from the context, each term stated in the singular or the plural includes the singular and the plural, and each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter.

B. Definitions

1.1 “503 Deadline” shall have the meaning ascribed to it in Section 9.3 hereof.

1.2 “8.25% Subordinated Notes” means the 8.25% Senior Subordinated Notes due December 2008, dated as of December 14, 1998, as amended, in the aggregate principal amount of \$250 million, issued by HLI pursuant to the 8.25% Subordinated Notes Indenture.

1.3 “8.25% Subordinated Notes Indenture” means that certain indenture dated as of December 14, 1998, as amended, supplemented or otherwise modified prior to the Petition Date, by and between HLI and Wells Fargo Bank Minnesota, N.A., as successor indenture trustee pursuant to which HLI issued the 8.25% Subordinated Notes.

1.4 “9.125% Subordinated Notes” means, collectively, the 9.125% Subordinated Notes (due June 2007) and the 9.125% Subordinated Notes (due July 2007).

1.5 “9.125% Subordinated Notes (due June 2007)” means the 9.125% Senior Subordinated Notes due June 2007, dated as of June 30, 1997, as amended, in the

aggregate principal amount of \$250 million, issued by HLI pursuant to the 9.125% Subordinated Notes Indenture (due June 2007).

1.6 “9.125% Subordinated Notes (due July 2007)” means the 9.125% Senior Subordinated Notes due July 2007, dated as of July 15, 1997, as amended, in the aggregate principal amount of \$150 million, issued by HLI pursuant to the 9.125% Subordinated Notes Indenture (due July 2007).

1.7 “9.125% Subordinated Notes Indenture (due June 2007)” means that certain indenture dated as of June 30, 1997, as amended, supplemented or otherwise modified prior to the Petition Date, by and between HLI and Wells Fargo Bank Minnesota, N.A., as successor indenture trustee pursuant to which HLI issued the 9.125% Subordinated Notes (due June 2007).

1.8 “9.125% Subordinated Notes Indenture (due July 2007)” means that certain indenture dated as of July 15, 1997, as amended, supplemented or otherwise modified prior to the Petition Date, by and between HLI and Wells Fargo Bank Minnesota, N.A., as successor indenture trustee pursuant to which HLI issued the 9.125% Subordinated Notes (due July 2007).

1.9 “11% Subordinated Notes” means the 11% Senior Subordinated Notes due July 2006, dated as of July 2, 1996, in the aggregate principal amount of \$250 million, issued by HLI pursuant to the 11% Subordinated Notes Indenture.

1.10 “11% Subordinated Notes Indenture” means that certain indenture dated as of July 2, 1996, as amended, supplemented or otherwise modified prior to the Petition Date, by and between HLI and U.S. Bank Trust, N.A., as successor indenture trustee pursuant to which HLI issued the 11% Subordinated Notes.

1.11 “Adequate Protection Payments” mean the payments in an amount not to exceed \$39 million made by the Debtors to the Prepetition Agent on behalf of the Prepetition Lenders plus expense reimbursements payable to the Prepetition Agent both as required pursuant to the DIP Facility Order subsequent to the Petition Date.

1.12 “Administrative Claim” means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(1) of the Bankruptcy Code, including, but not limited to, DIP Facility Claims, the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating the business of the Debtors,

including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, Professional Claims, and all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, and all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code.

~~1.13 “Administrative Convenience Claim” means a Claim (other than a Claim based upon an Indenture) against the Debtors that otherwise would be included in the Classes of the Plan containing General Unsecured Claims that is (a) for \$1,500 or less, or (b) for more than \$1,500 if the holder of such Claim has made the Convenience Class Election on the Ballot provided for voting on the Plan within the time fixed by the Bankruptcy Court for completing and returning such Ballot, to accept the lesser of the allowed amount of such Claim or \$1,500 in Cash in full satisfaction, discharge and release of such Claim.~~

~~1.14~~ “Affiliates” shall have the meaning ascribed to such term by section 101(2) of the Bankruptcy Code.

~~1.15~~ 1.14 “Allowed Claim” means a Claim or any portion thereof, (a) that has been allowed by a Final Order of the Bankruptcy Court (or such other court as a Reorganized Debtor and the holder of such Claim agrees may adjudicate such Claim and objections thereto), or (b) as to which, on or by the Effective Date, (i) no proof of claim has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a proof of claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the periods of limitation fixed by the Plan, the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in the Plan.

~~1.16~~ 1.15 “Allowed Class _ Claim” means an Allowed Claim in the specified Class.

1.16 “Apollo” means Apollo Management V, L.P., the manager of funds which, collectively, hold in excess of 40% of the Senior Notes.

1.17 “Avoidance Claims” means Causes of Action against Persons arising under any of sections 502, 510, 541, 542, 543, 544, 545, 548 through 551 and 553 of the Bankruptcy Code, or under related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation is commenced to prosecute such Avoidance Claims. A nonexclusive list of the Avoidance Claims is attached hereto as Exhibit B.

1.18 “Ballot” means each of the ballot forms that are distributed to holders of Claims who are included in Classes that are entitled to vote to accept or reject the Plan.

1.19 “Bank Agent” means the agent for the group of financial institutions that are parties to the New Credit Facility.

1.20 “Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as in effect on the date hereof.

1.21 “Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware.

1.22 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Cases or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

1.23 “Bar Date” means the deadline for filing all proofs of claim or interest established by the Bankruptcy Court as June 3, 2002, including Claims of governmental units in accordance with section 502(b)(9) of the Bankruptcy Code.

1.24 “Bar Date Order” means that order entered by the Bankruptcy Court on March 26, 2002, which, among other things, established the Bar Date.

1.25 “BMO” means the Bank of Montreal.

1.26 “BMO-Bowling Green Synthetic Lease” means that certain Participation Agreement dated as of October 1, 1998, among HLI, the BMO Synthetic Lessors and the subsidiary guaranty parties thereto, together with all related leases, mortgages, loan agreements, guarantees, guarantee and collateral agreements, intercreditor and

subordination agreements, and all other related loan, lease and security documents executed and delivered in connection therewith, as the same have been amended, amended and restated, modified or supplemented from time to time.

1.27 “BMO-Bowling Green Synthetic Lease Property” means the land, buildings, improvements and other property acquired by the Debtors’ with respect to their facility in Bowling Green, Kentucky with financing provided by the BMO Synthetic Lessors pursuant to the BMO-Bowling Green Synthetic Lease.

1.28 “BMO Capital” means BMO Global Capital Solutions, Inc.

1.29 “BMO-Northville Synthetic Lease” means that certain Participation Agreement dated as of April 8, 1999, among HLI, the BMO Synthetic Lessors, and the subsidiary guaranty parties thereto; together with all related leases, mortgages, loan agreements, guarantees, guarantee and collateral agreements, intercreditor and subordination agreements, and all other related loan, lease and security documents executed and delivered in connection therewith, as the same have been amended, amended and restated, modified or supplemented from time to time.

1.30 “BMO-Northville Synthetic Lease Property” means the land, buildings, improvements and other property acquired by the Debtors’ with respect to their facility in Northville, Michigan with financing provided by the BMO Synthetic Lessors pursuant to the BMO-Northville Synthetic Lease.

1.31 “BMO Synthetic Leases” means, collectively, the BMO-Bowling Green Synthetic Lease and the BMO-Northville Synthetic Lease.

1.32 “BMO Synthetic Lease Claim” means all Claims of the BMO Synthetic Lessors arising under or pursuant to the BMO Synthetic Leases.

1.33 “BMO Synthetic Lease Properties” means, collectively, the BMO-Bowling Green Synthetic Lease Property and the BMO-Northville Synthetic Lease Property.

1.34 “BMO Synthetic Lease Secured Claim” means that portion of the BMO Synthetic Lease Claim that is a Secured Claim.

1.35 “BMO Synthetic Lessors” means, collectively, BMO and BMO Capital.

1.36 “Business Day” means any day, excluding Saturdays, Sundays and legal holidays, on which commercial banks are open for business in New York City.

1.37 “Cash” means legal tender of the United States.

1.38 “Causes of Action” means any and all actions, proceedings, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise.

1.39 “CBL” means CBL Capital Corporation.

1.40 “CBL-Air Conditioner Synthetic Lease” means that certain Master Operating Lease with CBL Capital Corporation dated as of June 15, 2000 (together with all related lease amendments, lease supplements, memoranda of leases, and all other related loan, lease and security documents executed and delivered in connection therewith, as the same have been amended, amended and restated, modified or supplemented from time to time.

1.41 “CBL-Other Equipment Synthetic Lease” means that certain Master Operating Lease dated October 23, 2000 (together with all related lease amendments, lease supplements, memoranda of leases, and all other related loan, lease and security documents executed and delivered in connection therewith, as the same have been amended, amended and restated, modified or supplemented from time to time.

1.42 “CBL Synthetic Leases” means, collectively, the CBL-Air Conditioner Synthetic Lease and the CBL-Other Equipment Synthetic Lease.

1.43 “CBL Synthetic Lease Claim” means all Claims of CBL arising under or pursuant to the CBL Synthetic Leases.

1.44 “CBL Synthetic Lease Equipment” means that certain equipment acquired by the Debtors with the financing provided by CBL pursuant to the CBL Synthetic Leases.

1.45 “CBL Synthetic Lease Secured Claim” means that portion of the CBL Synthetic Lease Claim that is a Secured Claim.

1.46 “**Chapter 11 Case(s)**” means the Chapter 11 Cases of the Debtors pending in the Bankruptcy Court.

1.47 “**Claim**” means a claim against the Debtors (or ~~either~~ any of them), whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

1.48 “**Claimholder**” means a holder of a Claim.

1.49 “**Claims Agent**” means Bankruptcy Services, LLC, the Claims, Noticing and Balloting to the Debtors as approved by Bankruptcy Court on December 7, 2001.

1.50 “**Claims Objection Deadline**” means that day which is one hundred eighty (180) days after the Effective Date, as the same may be from time to time extended by the Bankruptcy Court, without further notice to parties in interest.

~~**1.50**~~ **1.51** “**Class**” means a category of Claimholders or Interestholders described in Article III of the Plan.

1.52 “**Compromise Equity Value**” means the estimated equity value of the Reorganized Debtors based upon the total enterprise value used to determine the compromise and settlement of the Prepetition Lenders’ Secured Claim as provided herein.

~~**1.53**~~ **1.51** “**Confirmation Date**” means the date of entry of the Confirmation Order.

~~**1.52**~~ **1.54** “**Confirmation Hearing**” means the hearing before the Bankruptcy Court on confirmation of the Plan and related matters under section 1128 of the Bankruptcy Code.

~~**1.53**~~ **1.55** “**Confirmation Hearing Notice**” means the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the Confirmation Hearing and the time for filing objections to the confirmation of the Plan.

~~**1.54**~~ **1.56** “**Confirmation Order**” means the order entered by the Bankruptcy Court confirming the Plan.

~~1.55~~ **“Convenience Class Election”** means the election pursuant to which the holder of a qualifying General Unsecured Claim against the Debtor(s) timely elects to be treated as an Administrative Convenience Claim.

~~1.56~~ **1.57** **“Creditors’ Committee”** means the Official Committee of Unsecured Creditors appointed pursuant to section 1102(a) of the Bankruptcy Code in the Chapter 11 Cases.

~~1.57~~ **1.58** **“Cure”** means the distribution within a reasonable period of time following the Effective Date of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

~~1.58~~ **1.59** **“D&O Claims”** means claims or Causes of Action that may be brought by any of the Debtors or derivatively in the name of any of the Reorganizing Debtors against any present or former director or officer of any Reorganizing Debtor, except to the extent released under this Plan, and any proceeds thereof (regardless of the source of payment, including any D&O Insurance).

~~1.59~~ **1.60** **“D&O Insurance”** means insurance maintained by the Debtors which, among others, covers the Debtors’ officers and directors.

~~1.60~~ **1.61** **“DIP Agent”** means the administrative agent for the DIP Lenders under the DIP Credit Agreement.

~~1.61~~ **1.62** **“DIP Credit Agreement”** means that Revolving Credit and Guaranty Agreement, dated as of December 17, 2001, as amended from time to time thereafter, among HLI, as borrower, the remaining Debtors, as guarantors, the DIP Agent and the DIP Lenders, which was executed by the Debtors in connection with the DIP Facility.

~~1.62~~ **1.63** **“DIP Facility”** means the debtor-in-possession secured financing facility provided to the Debtors by the DIP Lenders pursuant to the DIP Credit Agreement and agreements related thereto as authorized by the Bankruptcy Court pursuant to the DIP Facility Order.

~~1.63~~ 1.64 “**DIP Facility Claim**” means all Superpriority Administrative Claims of the DIP Agent and the DIP Lenders arising under or pursuant to the DIP Facility.

~~1.64~~ 1.65 “**DIP Facility Order**” means, collectively, the interim order that was entered by the Bankruptcy Court on December 7, 2001, ~~and~~ the final order that was entered by the Bankruptcy Court on January 28, 2002, authorizing and approving the DIP Facility and the agreements related thereto, and any subsequent orders approving amendments to the DIP Credit Agreement.

~~1.65~~ 1.66 “**DIP Lenders**” means the lenders from time to time party to the DIP Credit Agreement.

~~1.66~~ 1.67 “**Deficiency Claim**” means a Claim of a Claimholder who asserts a Secured Claim against the Debtors equal to the amount by which such Claim exceeds the secured portion thereof.

1.68 “**Director Selection Committee**” means the committee consisting of a representative appointed by the Prepetition Agent, the Creditors’ Committee, Apollo and the Debtors, that will recommend the initial board of directors of the Reorganizing Debtors as set forth in Section _____ of this Plan.

~~1.69~~ 1.67 “**Disallowed Claim**” means a Claim or any portion thereof, that (a) has been disallowed by a Final Order, (b) is Scheduled at zero or as contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no proof of claim or interest has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, or (c) is not Scheduled and as to which a proof of claim bar date has been set but no proof of claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

~~1.68~~ 1.70 “**Disbursing Agent**” means the Reorganized Debtors or any Person designated by the Reorganized Debtors, ~~in their sole discretion,~~ to serve as a disbursing agent under Article VIII of the Plan.

~~1.69~~ 1.71 “**Disclosure Statement**” means the written disclosure statement that relates to this Plan, as approved by the Bankruptcy Court pursuant to section 1125

of the Bankruptcy Code and Bankruptcy Rule 3017, as such disclosure statement may be amended, modified or supplemented from time to time.

~~1.70~~ 1.72 **“Disputed Claim”** means a Claim or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim and includes, without limitation, Claims that (a) (i) have not been Scheduled by the Debtors or have been Scheduled at zero, as unknown or as contingent, unliquidated or disputed and (ii) are not the subject of an objection in the Bankruptcy Court (b) that are the subject of a proof of claim or interest that differs in nature, amount or priority from the Schedules, or (c) are the subject of an objection with the Bankruptcy Court and which objection has not been withdrawn or overruled by a Final Order of the Bankruptcy Court.

~~1.71~~ 1.73 **“Distribution Date”** means a date selected by the Debtors or the Reorganized Debtors, which date must be not more than twenty (20) Business Days after the Effective Date.

~~1.72~~ 1.74 **“Distribution Reserve”** means the shares of New Common Stock for distribution on account of Allowed Class ~~6~~ 5 Claims, Allowed Class ~~7~~ 6 Claims, and Allowed Class ~~8~~ 7 Claims to be reserved pending allowance of Disputed Claims in accordance with Section 8.10(b) of the Plan.

~~1.73~~ 1.75 **“Dresdner”** means Dresdner Kleinwort Benson North American Leasing, Inc.

~~1.74~~ 1.76 **“Dresdner Synthetic Lease”** means that certain Lease and Security Agreement, dated as of November 30, 1999, between HLI and Dresdner, together with all related leases, lease supplements, memoranda of leases, and all other related loan, lease and security documents executed and delivered in connection therewith, as the same have been amended, amended and restated, modified or supplemented from time to time.

~~1.75~~ 1.77 **“Dresdner Synthetic Lease Claim”** means all Claims of Dresdner arising under or pursuant to the Dresdner Synthetic Lease.

~~1.76~~ 1.78 **“Dresdner Synthetic Lease Property”** means the land, buildings and improvements located at the Debtors’ facility in La Mirada, California which were acquired by Dresdner pursuant to the Dresdner Synthetic Lease.

~~1.77~~ 1.79 “**Dresdner Synthetic Lease Secured Claim**” means that portion of the Dresdner Synthetic Lease Claim that is a Secured Claim.

1.80 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1301-1461 (2000).

~~1.81~~ 1.78 “**Effective Date**” means the Business Day on which all conditions to the consummation of the Plan set forth in Section 12.2 hereof have been either satisfied or waived as provided in Section 12.3 hereof and is the day upon which this Plan is substantially consummated.

~~1.79~~ 1.82 “**Emergence Share Price**” means a per share price equal to the ~~estimated equity value~~ Compromise Equity Value of the Reorganized Debtors as estimated by the Debtors’ investment banker retained in the Chapter 11 Cases divided by the aggregate number of shares of New Common Stock that are ~~available for distribution~~ to be distributed to Claimholders on the Effective Date or such other per share price as the Bankruptcy Court may determine.

~~1.80~~ 1.83 “**Employee Retention Plan**” means that certain Employee Retention Plan adopted by HLI’s board of directors and approved by order of the Bankruptcy Court on May 28, 2002, as the same may be amended.

~~1.81~~ 1.84 “**Estates**” means the bankruptcy estates of the Debtors created pursuant to section 541 of the Bankruptcy Code.

~~1.82~~ 1.85 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

~~1.83~~ 1.86 “**Exhibit**” means an exhibit annexed to either this Plan or as an appendix to the Disclosure Statement.

~~1.84~~ 1.87 “**Exhibit Filing Date**” means the date on which Exhibits to the Plan ~~or the Disclosure Statement~~ shall be filed with the Bankruptcy Court, which date shall be at least ~~five (5)~~ ten (10) days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court.

~~1.85~~ 1.88 “**Existing Securities**” means, collectively, the Unsecured Notes, the Old Common Stock, the Old Common Stock Options, and all options, warrants and

rights (whether fixed or contingent, matured or unmatured, disputed or undisputed), contractual, legal, equitable or otherwise, to acquire any of the foregoing.

1.86 1.89 “Expense Advance” means the funding, in an amount to be negotiated with the Creditors’ Committee or such other amount as the Debtors’ may designate (with the consent of the Prepetition Agent which shall not be unreasonably withheld), to be made on the Effective Date to the HLI Creditor Trust.

1.87 1.90 “Face Amount” means, (a) when used in reference to a Disputed or Disallowed Claim, the full stated liquidated amount claimed by the Claimholder in any proof of claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (b) when used in reference to an Allowed Claim, the allowed amount of such Claim.

1.88 1.91 “Final Order” means an order or judgment, the operation or effect of which has not been stayed, reversed or amended and as to which order or judgment (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.

1.89 1.92 “Fiscal Year” all references to the Company’s Fiscal Year mean the Company’s year ended January 31 of the following year (e.g. “fiscal 2001” refers to the period beginning on February 1, 2001 and ending on January 31, 2002).

1.90 1.93 “General Unsecured Claim” means a Claim that ~~does not fall within another Class of Claims such as Classes of~~(a) is not an Administrative Claims, Claim or a Priority Tax Claims, Other Priority Claims, Prepetition Credit Facility Claims, Synthetic Lessor Claims, Miscellaneous Secured Claims, Administrative Convenience Claims, and/or Subordinated Securities Claims and Claim and is not classified as a Claim included within any of Classes 1 through 6, inclusive, or in Class B; and (b) includes the Deficiency Claims of the Prepetition Lenders and the Synthetic Lessors.

1.94 “Golden and Hall Settlement Agreements and Judgments” means the court approved settlement agreements and court judgments in the cases of Golden, et. al. v. Lucas Varsity Kelsey Hayes and Hayes Lemmerz International, Inc., Case No. 93-CB-40530 (E.D. Mich.) and Hall et. al. v. Hayes Lemmerz International - Ohio, Inc. (f/k/a Motor Wheel Corp.) and Hayes Lemmerz International, Inc., Case No. 2:000-CV-75629 (E.D. Mich.).

~~1.95~~ ~~1.91~~ **“HLI”** means Hayes Lemmerz International, Inc., a Delaware corporation, debtor in possession in the above-captioned Case No. 01-11490 (MFW) pending in the Bankruptcy Court.

~~1.92~~ ~~1.96~~ **“HLI Creditor Trust”** means the trust which is created pursuant to this Plan to be administered by the Trustee with the advice and/or direction of the Trust Advisory Board, all as more specifically set forth in this Plan.

~~1.97~~ **“HLI-Funding Corp.”** means Hayes Lemmerz Funding Corporation, a Delaware corporation, debtor in possession in the above-captioned Case No. 01-11509 (MFW) pending in the Bankruptcy Court.

~~1.98~~ **“HLI-Funding LLC”** means Hayes Lemmerz Funding Company, LLC, a Delaware limited liability corporation, debtor in possession in the above-captioned Case No. 01-11508 (MFW) pending in the Bankruptcy Court.

~~1.99~~ ~~1.93~~ **“Holdback Amount”** means the amount equal to 20% of fees billed to the Debtors in a given month that was retained by the Debtors as a holdback on payment of Professional Claims pursuant to the Professional Fee Order.

~~1.94~~ ~~1.100~~ **“Holdback Escrow Account”** means the escrow account established by the Disbursing Agent into which Cash equal to the Holdback Amount shall be deposited on the Effective Date for the payment of Allowed Professional Claims to the extent not previously paid or Disallowed.

~~1.95~~ ~~1.101~~ **“Impaired”** refers to any Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

~~1.96~~ ~~1.102~~ **“Indemnification Rights”** means any obligations or rights of the Debtors to indemnify, reimburse, advance or contribute to the losses, liabilities or expenses of an Indemnitee pursuant to the Debtors’ certificate of incorporation, bylaws, or policy of providing employee indemnification, or other applicable law or specific agreement in respect of any claims, demands, suits, causes of action or proceedings against an Indemnitee based upon any act or omission related to an Indemnitee’s service with, for or on behalf of the Debtors.

~~1.97~~ ~~1.103~~ **“Indemnitee”** means all present and former directors, officers, employees, agents or representatives of the Debtors who are entitled to assert Indemnification Rights.

~~1.98~~ 1.104 “**Indenture(s)**” means, collectively, the 8.25% Notes Indenture, the 9.125% Notes Indenture (due June 2007), the 9.125% Notes Indenture (due July 2007), the 11% Subordinated Notes Indenture and the Senior Notes Indenture.

~~1.99~~ 1.105 “**Insurance Coverage**” shall have the meaning ascribed to it in Section 11.7 hereof.

1.106 “**Insured Workers’ Compensation Programs**” means, collectively, the Debtors’ workers’ compensation programs in all states in which they operate other than Michigan and Ohio pursuant to which the Debtors provide their employees with workers’ compensation coverage for claims arising from or related to their employment with the Debtors.

~~1.107~~ 1.100 “**Intercompany Claim**” means a Claim by a Debtor or an Affiliate of a Debtor against a Debtor.

~~1.101~~ 1.108 “**Intercreditor Agreement**” means that certain Amended and Restated Intercreditor and Lien Subordination Agreement dated as of April 8, 1999, as amended, by and among the BMO Synthetic Lessors, the Prepetition Agent and the Prepetition Lenders.

~~1.102~~ 1.109 “**Interest**” means (a) the legal, equitable contractual and other rights (whether fixed or contingent, matured or unmatured, disputed or undisputed) of any Person with respect to Old Common Stock, Old Common Stock Option, or any other equity securities of the Debtors and (b) the legal, equitable, contractual and other rights, whether fixed or contingent, matured or unmatured, disputed or undisputed, of any Person to purchase, sell, subscribe to, or otherwise acquire or receive (directly or indirectly) any of the foregoing.

~~1.103~~ 1.110 “**Interestholder**” means a holder of an Interest.

~~1.104~~ 1.111 “**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended from time to time, and any successor laws.

~~1.105~~ 1.112 “**Long Term Incentive Plan**” means that certain option agreement to be executed by and among certain members of management and the Reorganized Debtors, in substantially the form attached as Exhibit D to this Plan, plan by which the Reorganized Debtors shall deliver certain stock options and restrictive restricted stock grants to certain members of management, directors and other employees

on ~~and~~ or after the Effective Date, ~~as stated on an exhibit thereto.~~ all as is more specifically described on Exhibit D hereto.

~~1.106~~ 1.113 “**Merger**” has the meaning set forth in Section 6.5.

~~1.107~~ 1.114 “**Merger Agreement**” means the agreement of merger by and among New Operating Company and Reorganized HLI as described in Section 6.5 of the Plan.

1.115 “**Michigan Workers’ Compensation Programs**” means the self-insured workers’ compensation programs maintained in Michigan by the Debtors that are registered with the state of Michigan, Department of Consumer and Industry Services pursuant to the Michigan Workers’ Disability Compensation Act, MCL 418.101 et seq.

1.116 ~~1.108~~ “**Miscellaneous Secured Claim**” means any Secured Claim other than a Secured Claim arising under the Synthetic Leases, the DIP Facility or the Prepetition Credit Facility ~~Claim~~. Miscellaneous Secured Claims shall include Claims secured by liens junior in priority to existing liens, whether by operation of law, contract or otherwise, but solely to the extent of the value, as of the Effective Date, or such other date as is established by the Bankruptcy Court, of such Claimholder’s interest in the Estates’ interest in property of the Estates after giving effect to all security interests or liens senior in priority.

~~1.109~~ 1.117 “**Motor Wheel SERP**” means that certain Motor Wheel Supplemental Executive Retirement Plan maintained by the Debtors prior to the Petition Date.

~~1.110~~ 1.118 “**Net Trust Recoveries**” means the amount by which the aggregate amount of Trust Recoveries exceeds (a) the aggregate of the Expense Advance, and (b) the reasonable and necessary expenses incurred by the Trustee in the prosecution of Trust Claims and collection of Trust Recoveries and (c) the reasonable and necessary expenses of the Trust Advisory Board.

~~1.111~~ 1.119 “**New Credit Facility**” means the post-Effective Date revolving credit and term loan facilities and, potentially, a high yield securities offering, to be extended to the Reorganized Debtors as a means of implementing the Plan as described in Section ~~6.12~~ 6.13 hereof.

~~1.112~~ **1.120** “**New Common Stock**” means the shares of common stock of New Holdco par value \$.01 authorized under the certificate of incorporation of New Holdco. The number of shares of New Common Stock: (a) to be made available on the Effective Date for, and ultimately distributed to, holders of Allowed Claims in the Chapter 11 Cases shall be ~~50,000,000~~ 30,000,000; (b) to be distributed ~~to management on the Effective Date~~ pursuant to the Long Term Incentive Plan shall be the number of shares stated on Exhibit D attached hereto; and (c) which ~~would~~ may be issued; pursuant to the ~~Long Term Incentive Plan, if Employee Retention Plan, which amount will not exceed _____ shares, which is the maximum number of shares permitted thereunder is issued, is the amount of shares as stated on Exhibit D attached hereto. to be issued under the Employee Retention Plan; and (d) to be distributed upon the exercise of the Warrants which shall equal 337,902 shares.~~

~~1.113~~ **1.121** “**New Holdco**” means a newly-incorporated company that will be the ultimate parent corporation of the Reorganized Debtors as described in Section 6.5 of the Plan.

1.122 “**New Holding Company Formation**” has the meaning set forth in Section 6.5 of the Plan

~~1.123~~ ~~1.114~~ **1.123** “**New Operating Company**” means a newly-incorporated, wholly-owned subsidiary of New Parent as described in Section 6.5 of the Plan.

~~1.115~~ **1.124** “**New Parent**” means a newly-incorporated, wholly-owned subsidiary of New Holdco as described in Section 6.5 of the Plan.

~~1.116~~ “**New Senior Note Indenture**” means that certain indenture, dated as of May 1, 2003, by and between New Operating Company and _____, as indenture trustee.

~~1.117~~ “**New Senior Notes**” means the ___% Senior Notes due May 1, 20___, in the aggregate principal amount of \$425 million to be issued by New Operating Company on the Effective Date pursuant to the New Senior Note Indenture, as described more fully in Exhibit I attached hereto.

~~1.118~~ **1.125** “**Noteholder**” means a holder of an Unsecured Note.

1.126 “**Ohio Workers’ Compensation Program**” means the “monopolistic” workers’ compensation insurance program in which the Debtors plants in Ohio

participate, which is funded through, and administered by, the Ohio Bureau of Workers' Compensation.

~~1.127~~ 1.119 **“Old Common Stock”** means shares of HLI’s common stock that were authorized, issued and outstanding prior to the Effective Date.

~~1.120~~ 1.128 **“Old Common Stock Options”** means all options, warrants and rights (whether fixed or contingent, matured or unmatured, disputed or undisputed), contractual, legal, equitable or otherwise, to acquire shares of Old Common Stock or other equity interests in HLI.

~~1.121~~ 1.129 **“Other Priority Claim”** means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than a Priority Tax Claim or an Administrative Claim.

1.130 **“PBGC”** shall mean the Pension Benefit Guaranty Corporation, a wholly-owned United States government corporation that administers the defined benefit pension plan termination insurance program under Title IV of ERISA.

1.131 **“Pension Plan”** shall mean the Hayes Lemmerz International Retirement Income Plan, a defined benefit pension plan covered by Title IV of ERISA that HLI sponsors.

~~1.132~~ 1.122 **“Periodic Distribution Date”** means (a) the Distribution Date, as to the first distribution made by the Reorganized Debtors, and (b) thereafter, (i) the first Business Day occurring ninety (90) days after the Distribution Date and (ii) subsequently, the first Business Day occurring ninety (90) days after the immediately preceding Periodic Distribution Date.

~~1.123~~ 1.133 **“Person”** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, governmental unit (as defined in section 101(27) of the Bankruptcy Code), or other entity.

~~1.124~~ 1.134 **“Petition Date”** means December 5, 2001, the date on which the Debtors filed their voluntary petitions commencing the Chapter 11 Cases.

~~1.125~~ 1.135 **“Plan”** means this joint plan of reorganization, which is jointly proposed by the Reorganizing Debtors for the resolution of outstanding Claims and

Interests in the Chapter 11 Cases, as such plan may be further amended from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

~~1.126~~ 1.136 “**Plan Schedules**” means a schedule annexed to either this Plan or as an appendix to the Disclosure Statement.

~~1.127~~ 1.137 “**Postpetition Interest**” means, collectively, such interest, reasonable fees, costs, or charges provided for under the agreements between a Debtor and a Claimholder whose Claim is secured by property of the Estates to the extent such items have accrued and are payable pursuant to the provisions of the Bankruptcy Code including, without limitation, section 506(b) of the Bankruptcy Code .

~~1.128~~ 1.138 “**Prepetition Agent**” means Canadian Imperial Bank of Commerce, in its capacity as administrative agent under the Prepetition Credit Agreement.

~~1.129~~ 1.139 “**Prepetition Credit Agreement**” means that certain Third Amended and Restated Secured Credit Agreement, dated as of February 3, 1999, as amended, supplemented or otherwise modified prior to the Petition Date, by and among HLI, as borrower, the Prepetition Agent and the Prepetition Lenders.

~~1.130~~ 1.140 “**Prepetition Credit Facility**” means all of the financing accommodations evidenced by the Prepetition Credit Agreement and related documents.

~~1.131~~ “**Prepetition Credit Facility Claim**” means ~~all Claims of the Prepetition Agent and the Prepetition Lenders arising under or pursuant to the Prepetition Credit Facility.~~

~~1.132~~ 1.141 “**Prepetition Credit Facility Secured Claim**” means ~~that portion of the~~ the aggregate sum of \$789,557,447.59 (which includes interest due and owing as of the Petition Date, letters of credit drawn after the Petition Date and interest accruing subsequent to the Petition Date in the amount of \$39,015,729.30 plus expense reimbursements payable to the Prepetition Credit Agent pursuant to the DIP Facility Claim that is a Secured Claim less any Adequate Protection Payments received by the Prepetition Agent and/or the Prepetition Lenders.

~~1.133~~ 1.142 “**Prepetition Lenders**” means those Persons holding a Claims under the Prepetition Credit Facility Claim.

~~1.134~~ 1.143 **“Prepetition Lenders’ Payment Amount”** means the Cash distribution to be made to the Prepetition Lenders on the Effective Date, which payment is in the amount of \$450,000,000 in the aggregate.

1.144 **“Priority Tax Claim”** means a Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

~~1.135~~ 1.145 **“Pro Rata”** means, from time to time, unless the Plan specifically provides otherwise, with respect to Claims, the proportion that the Face Amount of a Claim in a particular Class bears to the aggregate Face Amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) in such Class; provided, however, that with respect to Senior Note Claims in Class 5, “Pro Rata” means the proportion that the principal face amount of the Senior Notes held by the holder of a Claim in Class 5 bears to the aggregate principal face amount of the Senior Notes. –

~~1.136~~ 1.146 **“Professional”** means those Persons employed in the Chapter 11 Cases pursuant to sections 327 and 1103 or, in the case of AP Services, LLC section 363, of the Bankruptcy Code or otherwise.

~~1.137~~ 1.147 **“Professional Claim”** means a Claim of a professional retained in the Chapter 11 Cases pursuant to sections 327 and 1103 or, in the case of AP Services, LLC section 363, of the Bankruptcy Code or otherwise for compensation or reimbursement of costs and expenses relating to services rendered or expenses incurred after the Petition Date and prior to and including the Effective Date.

~~1.138~~ 1.148 **“Professional Fee Order”** means the order entered by the Bankruptcy Court on March 13, 2002, authorizing the interim payment of Professional Claims subject to the Holdback Amount.

~~1.139~~ 1.149 **“Projections”** means the financial projections covering the operations of the Reorganizing Debtors and the Reorganized Debtors through Fiscal Year 2007 set forth by the Debtors in Appendix E attached to the Disclosure Statement.

~~1.140~~ 1.150 **“Record Date”** means the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be **[date]**, 2003.

~~1.141~~ 1.151 **“Reinstated” or “Reinstatement”** means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the Claimholder so

as to leave such Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code, or (b) notwithstanding any contractual provision or applicable law that entitles the Claimholder to demand or receive accelerated payment of such Claim after the occurrence of a default (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Claimholder for any damages incurred as a result of any reasonable reliance by such Claimholder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Claimholder; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, “going dark” provisions, and affirmative covenants regarding corporate existence prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated in order to accomplish Reinstatement.

~~1.142~~ **1.152** “**Released Parties**” means, collectively, the Reorganizing Debtors, the officers of the Reorganizing Debtors as of the Confirmation Date, the directors of HLI who serve on the executive committee of HLI’s board of directors serving in such capacity after June 6, 2002, the directors of the Reorganizing Debtors other than HLI who serve on the boards of directors of Reorganizing Debtors other than HLI serving as of the Confirmation Date, the Reorganized Debtors and the officers and directors of the Reorganized Debtors serving in such capacity after the Effective Date, and, with respect to each of the above-named Persons, such Person’s principals, employees, agents, officers, directors, financial advisors, attorneys and other professionals.

~~1.143~~ **1.153** “**Remaining New Common Stock**” ~~has the meaning ascribed in Section 4.8 herein.~~ **Senior Note Proceeds** means the approximately \$13.0 million of proceeds from the issuance of the Senior Notes retained by HLI in a separate bank account.

~~1.144~~ **1.154** “**Reorganized Debtors**” means, collectively, ~~all~~ the Reorganizing Debtors from and after the Effective Date, including, where the context requires, (a) their successor in interest by merger as contemplated herein, (b) any entities created as part of the ~~Taxable~~ New Holding Company Formation and (c) any non-Debtor Subsidiaries.

~~1.145~~ 1.155 “**Reorganized . . .**” means the applicable Reorganizing Debtor from and after the Effective Date, subject to the Restructuring Transactions.

1.156 “**Reorganizing Debtors**” means, collectively, all Debtors other than HLI-Funding Corp. and HLI-Funding LLC.

1.157 ~~1.146~~ “**Restructuring Transaction(s)**” means a dissolution or winding up of the corporate existence of a Reorganizing Debtor or the consolidation, merger, contribution of assets, or other transaction in which a Reorganized Debtor merges with or transfers substantially all of its assets and liabilities to a Reorganized Debtor or their Affiliates, on or after the Effective Date as set forth in Appendix B the Disclosure Statement.

~~1.147~~ 1.158 “**Retained Actions**” means (a) all claims, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, which any Reorganizing Debtor may hold against any Person, including, without limitation, any Causes of Action brought prior to the Petition Date, and actions against any Persons for failure to pay for products or services provided or rendered by the Reorganizing Debtors, (b) all claims, Causes of Action, suits and proceedings relating to strict enforcement of the Reorganizing Debtors’ intellectual property rights, including patents, copyrights and trademarks, and (c) all claims or Causes of Action seeking the recovery of the Reorganizing Debtors’ or the Reorganized Debtors’ accounts receivable or other receivables or rights to payment created or arising in the ordinary course of the Reorganizing Debtors’ or the Reorganized Debtors’ business. A nonexclusive list of the Retained Actions is attached hereto as Exhibit B.

1.159 “**Retiree Medical Programs**” means the various programs and collective bargaining agreements in effect as of the Petition Date pursuant to which the Debtors are obligated to provide medical, dental, life insurance and prescription drug benefits to retired employees, including former union workers, and dependents located in the United States.

1.160 “**SEC**” means the United States Securities and Exchange Commission.

1.161 ~~1.148~~ “**Scheduled**” means, with respect to any Claim or Interest, the status, priority and amount, if any, of such Claim or Interest as set forth in the Schedules.

~~1.149~~ 1.162 “**Schedules**” means the schedules of assets and liabilities and the statements of financial affairs filed in the Chapter 11 Cases by the Debtors, as such

schedules or statements have been or may be amended or supplemented from time to time in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

~~1.150~~ 1.163 “**Security**” shall have the meaning ascribed to it in section 101(49) of the Bankruptcy Code.

~~1.151~~ 1.164 “**Secured Claim**” means a Claim (to include Postpetition Interest to the extent permitted by applicable law) secured by a security interest in or lien on property of the Estates to the extent of the value, as of the Effective Date or such other date as is established by the Bankruptcy Court, of such Claimholder’s interest in the Estates’ interest in property of the Estates as determined by a Final Order of the Bankruptcy Court pursuant to section 506 of the Bankruptcy Code or as otherwise agreed upon in writing by the Debtors and the Claimholder.

~~1.152~~ 1.165 “**Senior Note Claims**” means all Claims of Claimholders arising under or pursuant to the Senior Notes Indenture.

~~1.153~~ 1.166 “**Senior Notes**” means the 11.875% Senior Notes due 2006, dated as of June 15, 2001, in the aggregate principal amount of \$300 million, issued by HLI pursuant to the Senior Notes Indenture.

~~1.154~~ 1.167 “**Senior Notes Indenture**” means that certain indenture dated as of June 15, 2001, as amended, supplemented or otherwise modified prior to the Petition Date, by and between HLI and HSBC Bank USA, as successor indenture trustee.

~~1.155~~ 1.168 “**Servicer**” has the meaning ascribed to it in Section ~~6.14~~ 6.4 hereof.

~~1.156~~ 1.169 “**Short Term Incentive Plan**” means that ~~Short Term Incentive Annual Performance~~ Plan maintained by the Debtors to compensate officers and employees by utilizing a direct financial incentive to encourage such officers and employees to achieve results that lead to a more effective operation of the business, administered by the Compensation Committee of HLI’s Board of Directors and approved by the Bankruptcy Court ~~during the Chapter 11 Cases~~; on May 28, 2002, pursuant to its Order authorizing the Debtors to, among other things, continue employee benefit plans and programs postpetition.

~~1.157~~ 1.170 “**Solicitation Procedures Order**” means the order of the Bankruptcy Court approved on [date], pursuant to which the Bankruptcy Court, inter alia, approved the Disclosure Statement and set various procedures for soliciting and tabulating votes on the Plan.

~~1.158~~ 1.171 “**Subordinated Securities Claim**” means a Claim subject to subordination under section 510(b) of the Bankruptcy Code, including, without limitation, any Claim that arises from the rescission of a purchase or sale of a Security of any Debtor (including but not limited to Old Common Stock, Old Common Stock Options, Senior Notes and Subordinated Notes), or for damages arising from the purchase or sale of such a Security, or for reimbursement, indemnification, or contribution allowed under section 502 of the Bankruptcy Code on account of such Claim.

~~1.159~~ 1.172 “**Subordinated Note Claims**” means, collectively, all Claims of Claimholders arising under or pursuant to the Indentures (other than the Senior Notes Indenture) .

~~1.160~~ 1.173 “**Subordinated Notes**” means collectively the 8.25% Subordinated Notes, the 9.125% Subordinated Notes and the 11% Subordinated Notes.

~~1.161~~ 1.174 “**Synthetic Leases**” mean, collectively, the BMO Synthetic Lease, the CBL Synthetic Leases and the Dresdner Synthetic Lease.

~~1.162~~ 1.175 “**Synthetic Lease Claims**” mean, collectively, the BMO Synthetic Lease Claim, the CBL Synthetic Lease Claim and the Dresdner Synthetic Lease Claim.

~~1.163~~ 1.176 “**Synthetic Lease Property**” means, collectively, the BMO Synthetic Lease Property, the CBL Synthetic Lease Equipment, and the Dresdner Synthetic Lease Property.

~~1.164~~ 1.177 “**Synthetic Lessors**” means, collectively, the BMO Synthetic Lessors, CBL and Dresdner.

~~1.165~~ 1.178 “**Synthetic Lessors Secured Claim**” means the Secured Claims of the BMO Synthetic Lessor, CBL and Dresdner.

~~1.166~~ “**Taxable Holding Company Formation**” has the meaning set forth in **Section 6.5 of the Plan**

~~1.167~~ **1.179** “**Trust Advisory Board**” means the board that is to be created pursuant to Section 10.4 of this Plan for the purpose of advising the Trustee with respect to decisions affecting the HLI Creditor Trust.

~~1.168~~ **1.180** “**Trust Agreement**” means that certain Trust Agreement which is to govern the HLI Creditor Trust, substantially in the form attached as Exhibit C to this Plan, pursuant to which, among other things, the Trust Assets shall be liquidated and distributed to the Claimholders in a manner consistent with the terms of this Plan.

~~1.169~~ **1.181** “**Trust Assets**” means those assets owned by the HLI Creditor Trust including, without limitation, the Expense Advance to be paid to the HLI Creditor Trust pursuant to the Plan, the Trust Claims, and any and all proceeds of the foregoing and interest accruing with respect thereto.

~~1.170~~ **1.182** “**Trust Avoidance Claims**” mean those of the Avoidance Claims that are specifically listed on Exhibit B hereto and are to be transferred to the HLI Creditor Trust as opposed to other Avoidance Claims which will be retained by the Reorganized Debtors.

~~1.171~~ **1.183** “**Trust Claims**” means Trust Avoidance Claims and D&O Claims.

~~1.172~~ **1.184** “**Trust Expenses**” means all reasonable costs, expenses and fees incurred by the Trustee in the administration of its duties or as contemplated pursuant to the Trust Agreement.

~~1.173~~ **1.185** “**Trust Recoveries**” means any and all proceeds received by the HLI Creditor Trust from (a) the prosecution to, and collection of, a final judgment of a Trust Claim against a Person or (b) the settlement or other compromise of a Trust Claim against a Person, but does not include the Expense Advance.

~~1.174~~ **1.186** “**Trustee**” means the trustee of the HLI Creditor Trust as contemplated by the Trust Agreement.

~~1.175~~ **1.187** “**Unimpaired**” refers to any Claim which is not Impaired.

~~1.176~~ **1.188** “**Unsecured Notes**” means, collectively, the Senior Notes and the Subordinated Notes.

~~1.177~~ 1.189 “**Voting Deadline**” means [date] at 4:30 p.m. (prevailing Eastern time).

~~1.178~~ 1.190 “**Warrants**” means the warrants to acquire 927,835 shares in the aggregate of New Common Stock at a price of \$26.67 per share for a period of [three (3)] years after the Effective Date to be issued by New Holdco ~~as contemplated by~~ pursuant to the Plan to holders of Class ~~7~~ 6 Subordinated Note Claims pursuant to a warrant agreement in form and substance substantially as is set forth in the form attached hereto as Exhibit E, if and only if Class 6 accepts the Plan.

1.191 “Workers’ Compensation Programs” means, collectively, the Insured Workers’ Compensation Programs, the Ohio Workers’ Compensation Program and the Michigan Workers’ Compensation Programs.

C. Rules of Interpretation

For purposes of the Plan (a) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or Exhibit filed or to be filed means such document or Exhibit as it may have been or may be amended, modified or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules and Exhibits are references to Sections, Articles, Schedules and Exhibits of or to the Plan, (d) the words “herein” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

D. Computation of Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

E. Exhibits

All Exhibits are incorporated into and are a part of the Plan as if set forth in full herein and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or before the Exhibit Filing Date. After the Exhibit Filing Date, copies of Exhibits can be obtained upon written request to Skadden, Arps, Slate, Meagher & Flom (Illinois), 333 W. Wacker Drive, Chicago, Illinois 60606 (Attn: J. Eric Ivester, Esq.), counsel to the Debtors or by downloading such exhibits from the Court's website at www.deb.uscourts.gov. To the extent any Exhibit is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the Plan shall control.

ARTICLE II

**ADMINISTRATIVE EXPENSES
AND PRIORITY TAX CLAIMS**

2.1 Administrative Claims. Subject to the provisions of ~~Article~~ Articles VIII and IX of this Plan, on the first Periodic Distribution Date occurring after the later of (a) the date an Administrative Claim becomes an Allowed Administrative Claim or (b) the date an Administrative Claim becomes payable pursuant to any agreement between a Debtor (or a Reorganized Debtor) and the holder of such Administrative Claim, an Allowed Administrative Claimholder in any Reorganizing Debtor's Chapter 11 Case shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Administrative Claim, (x) Cash equal to the unpaid portion of such Allowed Administrative Claim or (y) such other treatment as to which the Reorganizing Debtors (or the Reorganized Debtors) and such Claimholder shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Reorganizing Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

2.2 Priority Tax Claims. With respect to each Allowed Priority Tax Claim in any Reorganizing Debtor's Chapter 11 Case, at the sole option of the Reorganizing Debtors (or the Reorganized Debtors after the Effective Date), the Allowed Priority Tax Claimholder shall be entitled to receive on account of such Priority Tax Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Priority Tax Claim, (a) equal Cash payments made on the last Business Day of every three (3) month

period following the Effective Date, over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, (b) such other treatment agreed to by the Allowed Priority Tax Claimholder and the Reorganizing Debtors (or the Reorganized Debtors), provided such treatment is on more favorable terms to the Reorganizing Debtors (or the Reorganized Debtors after the Effective Date) than the treatment set forth in subsection (a) above, or (c) payment in full in Cash; provided, however, that the treatment described in subsection 2.2(c) shall not be selected without the consent of the Prepetition Agent, which shall not be unreasonably withheld.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

3.1 Introduction.

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Reorganizing Debtors. A Claim or Interest is placed in a particular Class for purposes of voting on the Plan and of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(1) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article II herein.

This Plan, though proposed jointly, constitutes a separate plan proposed by each Reorganizing Debtor. Therefore, except as expressly specified herein, the classifications set forth below shall be deemed to apply separately with respect to each plan proposed by each Reorganizing Debtor.

3.2 Unimpaired Classes Class of Claims (~~deemed to have accepted the Plan and, therefore, not entitled to vote~~).

~~(a) Class 1 – Other Priority Claims.~~ Class 1 consists of all Other Priority Claims. Class 1 is deemed to have accepted the Plan and, therefore, is not entitled to vote

~~(b) Class 2 - Administrative Convenience Claims. Class 2 consists of all Administrative Convenience Claims that may exist against a particular Debtor.~~

3.3 Impaired Classes of Claims~~(Classes 3, 4a, 4b, 4c. Classes 2, 3a, 3b, 3c, 4, 5, 6, 7, 8 are entitled to vote on the Plan; Class 9 8 is deemed to have rejected the Plan and, therefore, is not entitled to vote).~~

(a) Class 3 2- Prepetition Credit Facility Secured Claims. Class 3 2 consists of the Prepetition Credit Facility Secured Claims. ~~The unsecured portion of the Claims of the~~ This Class is applicable only to the Chapter 11 Cases of HLI and the Debtors that guaranteed obligations under the Prepetition Lenders shall be classified and treated as a Class 8 Claim(s) against the appropriate Debtors Credit Facility.

(b) Class 4 3 - Synthetic Lessor Secured Claims. Class 4 3 consists of separate subclasses for the Synthetic Lessor Secured Claims. Each subclass is deemed to be a separate Class for all purposes under the Bankruptcy Code. The unsecured portion of the Claims of the Synthetic Lessors shall be classified and treated as Class 8 7 Claims against the appropriate Debtor.

(1) Class 4a 3a - BMO Synthetic Lease Secured Claims. Class 4a 3a consists of BMO Synthetic Lease Secured Claims.

~~(2) Class 4b - CBL Synthetic Lease Secured Claims. Class 4b consists of the CBL Synthetic Lease Secured Claims. This Class is applicable only to HLI and the Debtors that guaranteed obligations under the BMO Synthetic Leases.~~

(2) Class 3b - CBL Synthetic Lease Secured Claims. Class 3b consists of the CBL Synthetic Lease Secured Claims. This Class is applicable only to the Chapter 11 Case of HLI Cases of HLI and the Debtors that guaranteed obligations under the CBL-Other Equipment Synthetic Lease.

(3) Class 4e 3c - Dresdner Synthetic Lease Secured Claims. Class 4e 3c consists of the Dresdner Synthetic Lease Secured Claims. This Class is applicable only to the Chapter 11 Case of HLI.

(c) Class 5 4 - Miscellaneous Secured Claims. Class 5 4 consists of Miscellaneous Secured Claims that may exist against a particular Reorganizing Debtor.

(d) **Class 6 5 - Senior Note Claims.** Class 6 5 consists of all Senior Note Claims. This Class is applicable only to the Chapter 11 Cases of HLI and the Debtors that guaranteed obligations under the applicable Indenture.

(e) **Class 7 6 - Subordinated Note Claims.** Class 7 6 consists of all Subordinated Note Claims. This Class is applicable only to the Chapter 11 Cases of HLI and the Debtors that guaranteed obligations under the applicable Indenture.

(f) **Class 8 7 - General Unsecured Claims.** Class 8 7 consists of all General Unsecured Claims that may exist against a particular Debtor.

(g) **Class 9 8 - Subordinated Securities Claims.** Class 9 8 consists of all Subordinated Securities Claims that may exist against a particular Debtor. This Class is applicable only to the Chapter 11 Case of HLI.

3.4 Impaired Class of Interests(. Class 9 consists of Interests in the HLI Chapter 11 Case. Class 9 is deemed to have rejected this Plan and, therefore, is not entitled to vote).

(a) ~~Class 10 - Interests. Class 10 consists of Interests in the HLI Chapter 11 Case.~~

ARTICLE IV

PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

4.1 Class 1 (Other Priority Claims). Except as otherwise provided in and subject to Section 8.10 herein, on the first Periodic Distribution Date occurring after the later of (a) the date an Other Priority Claim becomes an Allowed Other Priority Claim or (b) the date an Other Priority Claim becomes payable pursuant to any agreement between a Reorganizing Debtor (or a Reorganized Debtor) and the holder of such other Priority Claim, the holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Other Priority Claim, (x) Cash equal to the amount of such Allowed Other Priority Claim or (y) such other treatment as to which the applicable Reorganizing Debtor (or Reorganized Debtor) and such Claimholder shall have agreed in writing.

4.2 Class 2 (~~Administrative Convenience~~Prepetition Credit Facility Secured Claims). ~~On the first Periodic Distribution Date occurring after the later of (a)~~

~~the date an Administrative Convenience Claim becomes an Allowed Administrative Convenience Claim or (b) the date an Administrative Convenience Claim becomes payable~~ The consideration to be paid to the Prepetition Lenders and the release and waivers made by and in favor of the Prepetition Lenders as provided in the Plan represent a compromise and settlement, pursuant to any agreement between a Debtor (or a Reorganized Debtor) and the holder of such Administrative Convenience Claim, the holder of an Allowed Class 2 Administrative Convenience Claim in the Chapter 11 Cases shall receive, Section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019, of the Prepetition Credit Facility Secured Claims, including such Claims relating to alleged lien perfection issues. The treatment to be provided to the Prepetition Lenders under the Plan in full satisfaction, settlement, release, and discharge of and in exchange for such Class 2 Administrative Convenience Claim, Cash equal to (x) the amount of such their Allowed Claim if such amount is less than or equal to \$1,500 or (y) \$1,500 if the amount of such Allowed Claim is greater than \$1,500.

4.3 Class 3 (Prepetition Credit Facility Secured Claims): Claim, is as follows:

(a) On the Effective Date, each holder of an Allowed Prepetition Credit Facility Secured Claim shall receive its Pro Rata share of (i) the Prepetition Lenders' Payment Amount and (ii) 15,000,000 shares of New Common Stock (subject to dilution only by shares of New Common Stock issued pursuant to or on account of the Employee Retention Plan, the Long Term Incentive Plan and/or the Warrants). These distributions shall be deemed made by delivery of the same to the Prepetition Agent for distribution to the Prepetition Lenders.

(b) On the Effective Date, or as soon thereafter as practicable, each holder of an Allowed the Reorganizing Debtors shall replace or cash collateralize letters of credit previously issued under the Prepetition Credit Facility that are outstanding as of the Effective Date.

(c) As of the Effective Date, the Prepetition Credit Facility Secured Claim shall receive (a) a be allowed in the aggregate amount of \$789,557,447.59 exclusive of outstanding letters of credit and without deduction for the Adequate Protection Payments.

(d) Each Prepetition Lender shall be entitled to retain that portion of the New Senior Notes with each such Claimholders' percentage distribution of New Senior Notes to be determined by the relation of its Allowed Adequate Protection Payments previously received by such Claimholder.

(e) Each Prepetition Lender shall be deemed to have waived its right to a deficiency claim and any further Adequate Protection Payments that may come due subsequent to January 31, 2003 but prior to June 1, 2003. In addition to amounts provided for in satisfaction of the Prepetition Credit Facility Secured Claim to all Allowed as set forth in this Section 4.4(e), the Prepetition Credit Facility Secured Claims and (b) a distribution of shares of New Common Stock with a value equal to Agent shall be entitled to continuing reimbursement of expenses and shall be entitled to return of all such prior expense reimbursements without applying such amounts to reduce the difference between the Claimholders' Allowed Prepetition Credit Facility Secured Claim less the principal amount of the New Senior Notes to be distributed to such Claimholder as contemplated in subsection 4.3(a) above. For the purpose of determining the value of distributions of New Common Stock to be made to the holders of claims included in Class 3, the value of each share of New Common Stock shall be assumed to be equal to the Emergence Share Price.; provided, however, that nothing in this Section 4.2(d) shall be deemed a waiver or release of the claim of the Prepetition Agent to reimbursement of expenses as permitted pursuant to the DIP Facility Order; provided further that any waivers or releases provided herein shall be deemed null and void in the event the Effective Date does not occur on or prior to June 30, 2003 or such other date as the Prepetition Agent may agree in writing.

4.4 Class 4a 4.3 Class 3a (BMO Synthetic Lease Secured Claims). On the Effective Date, or as soon thereafter as practicable, the holder of an Allowed BMO Synthetic Lease Secured Claim Claims, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed BMO Synthetic Lease Secured Claim shall, in the sole discretion of the Debtors, Claims, shall be accorded the following treatment:

(a) receive deferred Cash payments totaling at least the allowed amount of such Allowed BMO Synthetic Lease Secured Claim, (b) upon abandonment by the Debtors, receive Claims with Respect to the BMO-Bowling Green Synthetic Lease Property and/or, (i) The Debtors shall surrender the BMO-Bowling Green Synthetic Lease Property to the BMO Synthetic Lessors on or before the Effective Date; provided, however, that in the event that the Reorganized Debtors determine that they must hold over for a limited period of time, the Reorganized Debtors shall lease the BMO-Bowling Green Synthetic Lease Property from the BMO Synthetic Lessors on a month-to-month basis at a monthly rate of \$26,000 commencing from the Effective Date through and until the end of the month in which the Reorganized Debtors surrender the BMO-Bowling Green Synthetic Lease Property to the BMO Synthetic Lessors.

(ii) The BMO Synthetic Lessors, as holders of Allowed BMO Synthetic Lease Secured Claims arising under the BMO-Bowling Green Synthetic Lease, shall be entitled to a single Allowed General Unsecured Claim in an amount equal to the excess of \$10.7 million over the net sales proceeds received by the BMO Synthetic Lessors from the sale of the BMO-Bowling Green Synthetic Lease Property; provided, however, that in the event the BMO-Bowling Green Synthetic Lease Property is not sold by BMO Synthetic Lessors within six months following the Effective Date, the BMO Synthetic Lessors, as holders of Allowed BMO Synthetic Lease Secured Claims arising under the BMO-Bowling Green Synthetic Lease, shall be entitled an Allowed General Unsecured Claim in an amount equal to \$5.7 (the excess of \$10.7 million over \$5.0 million). The BMO Synthetic Lessors' Allowed General Unsecured Claim provided for under this Section 4.3(a)(ii) shall be reduced by the Administrative Claim, if any, to which the BMO Synthetic Lessors may be entitled under Section 4.3(a)(iii) below and shall be treated as a Class 7 General Unsecured Claim in accordance with the terms of the Plan.

(iii) To the extent that the BMO Synthetic Lessors shall demonstrate that the BMO-Bowling Green Synthetic Lease Property has depreciated as a result from the Debtors' use thereof during the pendency of the Chapter 11 Cases, the BMO Synthetic Lessors shall be entitled to receive an Administrative Claim in an amount equal to such depreciation or such other amount as agreed upon in writing by the Debtors and the BMO Synthetic Lessors.

(b) **BMO Synthetic Lease Secured Claims with Respect to the BMO-Northville Synthetic Lease Property, (c) receive payments or liens amounting to the indubitable equivalent of the value of such Claimholder's interest in the Estate's interest in.** (i) All Allowed BMO Synthetic Lease Secured Claims arising under the BMO-Synthetic Lease Properties, (d) be Reinstated, or (e) receive such other treatment as the debtors and such Claimholder shall have Northville Synthetic Lease shall be Reinstated; provided, however, that (A) the principal amount of the Reinstated BMO-Northville Synthetic Lease shall be \$16 million, (B) the interest rate and term of the Reinstated BMO-Northville Synthetic Lease shall be the same as the Term B component of the New Credit Facility (which the Debtors expect shall have (x) an interest rate of LIBOR + 400bp to LIBOR + 425bp, and (y) a term of seven years), (C) no principal amount under the Reinstated BMO-Northville Synthetic Lease shall be amortized over the term thereof, and (D) the Reinstated BMO-Northville Synthetic Lease shall provide that Reorganized HLI shall have the right to purchase the BMO-Northville Synthetic Lease Property upon expiration of the Reinstated BMO-Northville Synthetic

Lease or at any time prior thereto by payment of the remaining principal amount thereof and any accrued and unpaid interest thereon as of the date of such purchase.

(ii) The BMO Synthetic Lessors, as holders of Allowed BMO Synthetic Lease Secured Claims arising under the BMO-Northville Synthetic Lease, shall be entitled to an Allowed General Unsecured Claim in an amount equal to \$10.7. The BMO Synthetic Lessors' Allowed General Unsecured Claim provided for under this Section 4.3(b)(ii) shall be reduced by the Administrative Claim, if any, to which the BMO Synthetic Lessors may be entitled under Section 4.3(b)(iii) below and shall be treated as a Class 7 General Unsecured Claim in accordance with the terms of the Plan.

(iii) To the extent that the BMO Synthetic Lessors demonstrate that the BMO-Northville Synthetic Lease Property has depreciated as a result from the Debtors' use thereof during the pendency of the Chapter 11 Cases, the BMO Synthetic Lessors shall be entitled to receive an Administrative Claim in an amount equal to such depreciation or such other amount as agreed upon in writing as announced at or prior to the Confirmation Hearing, by the Debtors and the BMO Synthetic Lessors.

~~4.5 Class 4b~~ 4.4 Class 3b (CBL Synthetic Lease Secured Claims). On the Effective Date, or as soon thereafter as practicable, the ~~holder of an Allowed CBL Synthetic Lease Secured Claim~~ Claims, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed CBL Synthetic Lease Secured ~~Claim~~ Claims, shall, in the sole discretion of the Debtors, Claims, shall be accorded the following treatment:

~~(a) receive deferred Cash payments totaling at least the allowed amount of such Allowed CBL Synthetic Lease Secured Claim, (b) upon abandonment by the Claims with Respect to the CBL-Air Conditioner Synthetic Lease. (i) The Debtors, receive shall surrender the CBL Synthetic Lease Equipment, (c) receive payments or liens amounting to the indubitable equivalent of the value of such Claimholder's interest in the Estates' interest in under the CBL-Air Conditioner Synthetic Lease to CBL on or before the Effective Date; provided, however, that in the event that the Reorganized Debtors determine that they must hold over for a limited period of time, the Reorganized Debtors shall lease such CBL Synthetic Lease Equipment from CBL on a month-to-month basis at a monthly rate of \$8,600 commencing from the Effective Date through and until the end of the month in which the Reorganized Debtors surrender such CBL Synthetic Lease Equipment to CBL.~~

(ii) CBL, as holder of Allowed CBL Synthetic Lease Secured Claims arising under the CBL-Air Conditioner Synthetic Lease, shall be entitled to an Allowed General Unsecured Claim in an amount equal to the excess of \$1.7 million over the net sales proceeds received by CBL from the sale of CBL Synthetic Lease Equipment; provided, however, that in the event CBL Synthetic Lease Equipment is not sold by CBL within six months following the Effective Date, CBL, as holder of Allowed CBL Synthetic Lease Secured Claims arising under the CBL-Air Conditioner Synthetic Lease, shall be entitled an Allowed General Unsecured Claim in an amount equal to \$0.6 million (the excess of \$1.7 million over \$0.9 million). CBL's' Allowed General Unsecured Claim provided for under this Section 4.4(a)(ii) shall be reduced by the Administrative Claim, if any, to which CBL may be entitled under Section 4.4(a)(iii) below and shall be treated as a Class 7 General Unsecured Claim in accordance with the terms of the Plan.

(iii) To the extent that CBL demonstrates that such CBL Synthetic Lease Equipment has depreciated as a result from the Debtors' use thereof during the pendency of the Chapter 11 Cases, CBL shall be entitled to receive an Administrative Claim in an amount equal to such depreciation or such other amount as agreed upon in writing by the Debtors and CBL.

(b) CBL Synthetic Lease Secured Claims with Respect to the CBL-Other Equipment Synthetic Lease. (i) All Allowed CBL Synthetic Lease Secured Claims arising under the CBL-Other Equipment Synthetic Lease shall be Reinstated; provided, however, that (A) the principal amount of the Reinstated CBL-Other Equipment Synthetic Lease shall be \$20.6 million, (B) the interest rate and term of the Reinstated CBL-Other Equipment Synthetic Lease shall be the same as the Term B component of the New Credit Facility (which the Debtors expect shall have (x) an interest rate of LIBOR + 400bp to LIBOR + 425bp, and (y) a term of seven years), (C) no principal amount under the Reinstated CBL-Other Equipment Synthetic Lease shall be amortized over the term thereof, and (D) the Reinstated CBL-Other Equipment Synthetic Lease shall provide that the Reorganized Debtors shall have the right to purchase the CBL Synthetic Lease Equipment, (d) be Reinstated, or (e) receive such other treatment as the debtors and such Claimholder shall have under the CBL-Other Equipment Synthetic Lease upon expiration of the Reinstated CBL-Other Equipment Synthetic Lease or at any time prior thereto by payment of the remaining principal amount thereof and any accrued and unpaid interest thereon as of the date of such purchase.

(ii) CBL, as holder of Allowed CBL Synthetic Lease Secured Claims arising under the CBL-Other Equipment Synthetic Lease, shall be entitled to an Allowed General Unsecured Claim in an amount equal to \$4.5 million. The BMO Synthetic Lessors' Allowed General Unsecured Claim provided for under this Section 4.4(b)(ii) shall be reduced by the Administrative Claim, if any, to which CBL may be entitled under Section 4.4(b)(iii) below and shall be treated as a Class 7 General Unsecured Claim in accordance with the terms of the Plan.

(iii) To the extent that CBL demonstrates that the CBL Synthetic Lease Equipment under the CBL-Other Equipment Synthetic Lease has depreciated as a result of the Debtors' use thereof during the pendency of the Chapter 11 Cases, CBL shall be entitled to receive an Administrative Claim in an amount equal to such depreciation or such other amount as agreed upon in writing as announced at or prior to the Confirmation Hearing: by the Debtors and CBL.

4.6 Class 4c 4.5 Class 3c (Dresdner Synthetic Lease Secured Claims).

~~On the Effective Date, or as soon thereafter as practicable, the holder of an all Allowed Dresdner Synthetic Lease Secured Claim Claims, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Dresdner Synthetic Lease Secured Claim shall, in the sole discretion of the Debtors, (a) receive deferred Cash payments totaling at least the allowed amount of such Allowed Claims shall be Reinstated; provided, however, that (i) the principal amount of the Reinstated Dresdner Synthetic Lease Secured Claim, (b) upon abandonment by the Debtors, receive the shall be \$8.3 million, (ii) the Reinstated Dresdner Synthetic Lease Properties, (c) receive payments or liens amounting to the indubitable equivalent of the value of such Claimholder's interest in the Estates' interest in the shall have a term of five years, (iii) no principal amount under the Reinstated Dresdner Synthetic Lease Properties, (d) be shall be amortized over the term thereof, and (iv) the Reinstated, or (e) receive such other treatment as the debtors and such Claimholder shall have agreed upon in writing as announced at or prior to the Confirmation Hearing.~~

4.7 Class 5 Dresdner Synthetic Lease shall provide that Reorganized HLI shall have the right to purchase the Dresdner Synthetic Lease Property upon expiration of the Reinstated Dresdner Synthetic Lease or at any time prior thereto by payment of the remaining principal amount thereof and any accrued and unpaid interest thereon.

4.6 Class 4 (Miscellaneous Secured Claims). Except as otherwise provided in and subject to Section 8.10 herein, the legal, equitable, and contractual rights of Allowed Miscellaneous Secured Claimholders shall be Reinstated. The Debtors' failure to object to such Miscellaneous Secured Claims in the Chapter 11 Cases shall be without prejudice to the Reorganized Debtors' right to contest or otherwise defend against such Claims in the Bankruptcy Court or other appropriate non-bankruptcy forum (at the option of the Debtors or the Reorganized Debtors, as the case may be) when and if such Claims are sought to be enforced by the Miscellaneous Secured Claimholder. Notwithstanding section 1141(c) or any other provision of the Bankruptcy Code, all prepetition liens on property of the Debtors held by or on behalf of the Miscellaneous Secured Claimholders with respect to such Claims shall survive the Effective Date and continue in accordance with the contractual terms of the underlying agreements with such Claimholders until, as to each such Claimholder, the Allowed Claims of such Miscellaneous Secured Claimholder are paid in full.

4.8 4.7 Class 6 5 (Senior Note Claims). Except as otherwise provided in and subject to Section 8.10 herein, on the first Periodic Distribution Date occurring after the later of (a) the date a Senior Note Claim becomes an Allowed Senior Note Claim or (b) the date a Senior Note Claim becomes payable pursuant to any agreement between a Debtor (or a Reorganized Debtor) and the holder of such Senior Note Claim, the Disbursing Agent shall deliver to ~~such Claimholder~~ each holder of Senior Notes as of the Record Date, in full satisfaction, settlement, release, and discharge of and in exchange for each Senior Note Claim: (x) ~~a portion of the New Common Stock that remains available for distribution to creditors on the Effective Date after deduction of the~~ of such Claimholder's Pro Rata amount of [insert amount] shares of New Common Stock reserved to be distributed in respect of the (subject to dilution only by shares of New Common Stock issued pursuant to or on account of the Employee Retention Plan, the Long Term Incentive Plan and/or the Warrants); (y) a right to distributions of such Claimholders' Pro Rata share of [insert percentage] of the Trust Recoveries; and (z) a distribution of such Claimholders' Pro Rata share of the Remaining Senior Note Proceeds.

4.8 Class 6 (Subordinated Note Claims). The subordination provisions in the Indentures shall be given effect so that the distributions to which holders of Subordinated Note Claims would otherwise be entitled will be distributed directly to the holders of Prepetition Credit Facility Secured Claims and as contemplated in Section 4.3 herein (the "Remaining New Common Stock"); and (y) the right to receive a portion of the distributions from the HLI Creditor Trust;

~~The amount of each of the distributions to such the holder of a Senior Note Claim described in subsections 4.8(x) and 4.8(y) shall be determined by the Allowed amount of such Claimholders' Senior Note Claim in relation to the sum of the Allowed amounts of all Senior Note Claims, Subordinated Note Claims and General Unsecured Claims. For the purpose of determining the value of distributions of New Common Stock to be made to the holders of claims included in Class 6, the value of each share of New Common Stock shall be assumed to be equal to the Emergence Share Price.~~

~~4.9 Class 7 (Subordinated Note Claims). Except until such Claims are paid in full together with such interest, fees and other charges which such Claimholders may be entitled to receive, to be determined as if the Chapter 11 Cases had not been commenced. Notwithstanding the foregoing, except as otherwise provided in and subject to Sections 6.10 (providing for the enforcement of subordination provisions) and 8.10 herein, Section 8.10 herein if and only if holders of Class 6 Subordinated Note Claims vote to accept the Plan, on the first Periodic Distribution Date occurring after the later of (a) the date a Subordinated Note Claim becomes an Allowed Subordinated Note Claim or (b) the date a Subordinated Note Claim becomes payable pursuant to any agreement between a Debtor (or a Reorganized Debtor) and the holder of such Subordinated Note Claim, the Disbursing Agent shall deliver to such Claimholder, in full satisfaction, settlement, release, and discharge of and in exchange for such Subordinated Note Claim, ~~(x) a portion of the Remaining,~~ a distribution of a Pro Rata amount of the Warrants (subject to dilution only by shares of New Common Stock ; and (y) the right to receive a portion of the distributions from the HLI Creditor Trust, issued pursuant to or on account of the Employee Retention Plan or the Long Term Incentive Plan).~~

~~**The amount of each of the distributions to the holder of a Subordinated Note Claim described in subsections 4.9(x) and 4.9(y) shall be determined by the Allowed amount of such Claimholders' Subordinated Note Claim in relation to the sum of the Allowed amounts of all Senior Note Claims, Subordinated Note Claims and General Unsecured Claims.**~~

~~**The Plan proposes that the prepetition subordination provisions in the Indentures shall be given effect so that the distributions to which holders of Subordinated Note Claims would otherwise be entitled will be distributed to the holders of Prepetition Facility Claims and Senior Note Claims until such Claims are paid in full together with such interest, fees and other charges to which such Claimholders may be entitled to receive, to be determined as if the Chapter 11 Cases had not been commenced.**~~

~~Assuming that holders of Class 6 Subordinated Note Claims vote to accept the Plan, each such Claimholder shall receive a portion of the Warrants with the amount of such Claimholders' distribution to be determined by the Allowed amount of such Claimholder's Subordinated Note Claim in relation to all Allowed Subordinated Note Claims.~~

~~4.10 Class 8~~ 4.9 ~~Class 7~~ Class 7 (General Unsecured Claims). Except as otherwise provided in and subject to Section 8.10 herein, on the first Periodic Distribution Date occurring after the later of (a) the date a General Unsecured Claim becomes an Allowed General Unsecured Claim or (b) the date a General Unsecured Claim becomes payable pursuant to any agreement between a Debtor (or a Reorganized Debtor) and the holder of such General Unsecured Claim, the Disbursing Agent shall deliver to such Claimholder, in full satisfaction, settlement, release, and discharge of and in exchange for each and every General Unsecured Claim: (x) a portion of the Remaining distribution of a Pro Rata amount of [•insert amount] shares of New Common Stock (subject to dilution only by shares; and (y) the right to receive a portion of the distributions from the HLI Creditor Trust.

~~The amount of each of the distributions to the holder of a General Unsecured Claim described in subsections 4.10(x) and 4.10(y) shall be determined by the Allowed amount of such Claimholders' General Unsecured Claim in relation to the sum of the Allowed amounts of all Senior Note Claims, Subordinated Note Claims and General Unsecured Claims. For the purpose of determining the value of distributions of New Common Stock to be made to the holders of claims included in Class 8, the value of each share of New Common Stock is assumed to be equal to the Emergence Share Price; issued pursuant to or on account of the Employee Retention Plan, the Long Term Incentive Plan and/or the Warrants); and (y) a distribution of a Pro Rata share of [•insert percentage] of the Trust Recoveries.~~

~~4.11 Class 9~~ 4.10 ~~Class 8~~ Class 8 (Subordinated Securities Claims). HLI's **Chapter 11 Case**. Subordinated Securities Claims shall be cancelled, released, and extinguished, and holders of such Claims shall receive no distribution on account of such Claims.

~~4.12 4.11~~ 4.11 ~~Class 10~~ 9 (Interests). Interests shall be cancelled, released, and extinguished, and holders of such ~~interests~~ Interests shall receive no distribution.

~~4.13 4.12~~ 4.12 ~~Intercompany Claims~~. All Claims between and among the Debtors will, in the sole discretion of the applicable Debtor or Reorganized Debtor, (a)

be preserved and Reinstated, (b) be released, waived and discharged as of the Effective Date, or (c) be contributed to the capital of the obligor corporation.

~~4.14~~ **4.13** **Reservation of Rights.** Except as otherwise explicitly provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment of Unimpaired Claims. Except to the extent a Reorganized Debtor expressly assumes an obligation or liability of a Debtor or another Reorganized Debtor, the Plan will not operate to impose liability on any Reorganized Debtor for the Claims against any other Debtor or the debts and obligations of any other Debtor or Reorganized Debtor, and from and after the Effective Date, each Reorganized Debtor, subject to the Restructuring Transactions, will be separately liable for its own obligations.

ARTICLE V

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE IMPAIRED CLASSES OF CLAIMS OR INTERESTS

5.1 Impaired Classes of Claims and Interests Entitled to Vote. Except as otherwise provided in the Solicitation Procedures Order and Section ~~6.10~~ 6.11 of the Plan, each Impaired Class of Claims that will receive or retain property or any interest in property under the Plan shall be entitled to vote to accept or reject the Plan. Pursuant to section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the holders of Allowed Claims of such Class actually voting on the Plan have voted to accept the Plan.

5.2 Presumed Acceptances by Unimpaired Classes. Class 1 Other Priority Claims and ~~Class 2 Administrative Convenience Claims~~ are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code and/or the Solicitation Procedures Order, such Claimholders are conclusively presumed to have accepted the Plan, and the votes of such Claimholders will not be solicited.

5.3 Classes Deemed to Reject Plan. Because holders of Class ~~9~~ 8 Subordinated Securities Claims and Class ~~10~~ 9 Interests are not receiving a distribution

on account of such Claims and Interests under the Plan, they are conclusively presumed to have rejected the Plan, and the votes of such holders will not be solicited.

5.4 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.

To the extent that any Impaired Class entitled to vote rejects the Plan or is deemed to have rejected it, the Reorganizing Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

5.5 Confirmability and Severability of a Plan.

The confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each Reorganizing Debtor. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan as it applies to any particular Reorganizing Debtor. A determination by the Bankruptcy Court that the Plan, as it applies to any particular Reorganizing Debtor, is not confirmable pursuant to section 1129 of the Bankruptcy Code shall not limit or affect: (a) the confirmability of the Plan as it applies to any other Reorganizing Debtor; or (b) the Debtors' ability to modify the Plan, as it applies to any particular Debtor, to satisfy the confirmation requirements of section 1129 of the Bankruptcy Code.

ARTICLE VI

MEANS FOR IMPLEMENTATION OF THE PLAN

6.1 Continued Corporate Existence.

Subject to the ~~Taxable~~ New Holding Company Formation, the Merger and the Restructuring Transactions, each of the Reorganizing Debtors shall continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation under applicable law in the jurisdiction in which it is incorporated and pursuant to the certificate of incorporation and bylaws in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws are amended by this Plan, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

6.2 Corporate Action.

Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects

without any requirement of further action by stockholders, creditors, or directors of the Debtors.

6.3 Certificate of Incorporation and Bylaws. The articles of incorporation and bylaws of each of the Reorganized Debtors shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. The articles of New Holdco shall among other things: (a) authorize 100,000,000 shares of New Common Stock, \$0.01 par value per share; (b) authorize 1,000,000 shares of preferred stock; (c) authorize the Warrants and (d) pursuant to section 1123(a)(6) of the Bankruptcy Code, add (x) a provision prohibiting the issuance of non-voting equity securities for a period of two (2) years from the Effective Date, and, if applicable, and (y) a provision setting forth an appropriate distribution of voting power among classes of equity securities possessing voting power, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends. The form of Certificate of Incorporation of New Holdco is attached hereto as Exhibit F, and the form of bylaws of New Holdco is attached hereto as Exhibit G, both of which shall be reasonably acceptable to the Prepetition Agent and Apollo.

6.4 Cancellation of Existing Securities and Agreements. On the Effective Date, except as otherwise specifically provided for herein, (a) the Existing Securities and any other note, bond, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors, except such notes or other instruments evidencing indebtedness or obligations of the Debtors that are Reinstated under the Plan, shall be cancelled, and (b) the obligations of, Claims against, and/or Interests in the Debtors under, relating, or pertaining to any agreements, indenture, certificates of designation, bylaws, or certificate or articles of Incorporation or similar document governing the Existing Securities and any other note, bond, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Debtors, except such notes or other instruments evidencing indebtedness or obligations of the Debtors that are Reinstated under the Plan, as the case may be, shall be released and discharged; provided, however, that the Indentures and any other agreement that governs the rights of the Claimholder and that is administered by an indenture trustee, an agent, or a servicer (each hereinafter referred to as a “Servicer”) shall continue in effect solely for purposes of (i) allowing such Servicer to make the distributions to be made on account of such Claims under the Plan as provided in Article VIII of the Plan and (ii) permitting such Servicer to maintain any rights or liens it may have for fees, costs, and expenses under such Indenture or other agreement; provided, further, that the

preceding ~~provison~~ provision shall not affect the discharge of Claims against or Interests in the Debtors under the Bankruptcy Code, the Confirmation Order, or this Plan, or result in any expense or liability to the Reorganized Debtors. The Reorganized Debtors shall not have any obligations to any Servicer (or to any Disbursing Agent replacing such Servicer) for any fees, costs, or expenses except as expressly provided in Section 8.6 hereof; provided, however, that nothing herein shall preclude any Servicer (or any Disbursing Agent replacing such Servicer) from being paid or reimbursed for prepetition or postpetition fees, costs, and expenses from the distributions being made by such Servicer (or any Disbursing Agent replacing such Servicer) pursuant to such Indenture or other agreement in accordance with the provisions set forth therein, all without application to or approval by the Bankruptcy Court.

6.5 Taxable New Holding Company Formation.

(a) On or prior to the Effective Date, the Reorganizing Debtors shall enter into the following transactions in the following order (collectively, the “Taxable New Holding Company Formation”):

- (i) New Holdco will be incorporated as a new corporation;
- (ii) New Holdco will cause New Parent Company to be incorporated as a new wholly-owned subsidiary, and New Holdco will contribute Cash, the New Common Stock and Warrants (if Class 7 6 votes to accept the Plan) to New Parent Company;
- (iii) New Parent Company will in turn cause New Operating Company to be incorporated as a new wholly-owned subsidiary, and will contribute Cash, the New Common Stock and Warrants received from New Holdco to New Operating Company; and
- (iv) Reorganized HLI will merge (the “Merger”) with and into New Operating Company pursuant to an agreement (the “Merger Agreement”), with New Operating Company surviving.

(b) New Operating Company will distribute the New ~~Senior Notes,~~ ~~New Common Stock~~ and Warrants to holders of Allowed Claims in exchange for their Allowed Claims pursuant to the provisions of the Plan.

(c) New Operating Company will elect pursuant to Internal Revenue Code section 338 to treat the acquisition of the stock of ~~HLI's~~ HLI's subsidiary corporations pursuant to the merger as if New Operating Company acquired the assets owned by such subsidiaries at their respective fair market values.

(d) Notwithstanding the foregoing, if the Debtors determine that, on an aggregate net basis, the ~~Taxable result of the New Holding Company Formation and Merger described above result in higher income taxes on the Reorganized Debtors or are otherwise~~ is undesirable, then the Debtors shall not enter into the transactions that comprise the ~~Taxable~~ New Holding Company Formation and the Merger. Instead, the shares and warrants distributed to Claimholders pursuant to the Plan shall be, respectively, shares and warrants to purchase shares of Reorganized HLI rather than shares and warrants to purchase shares of New Holdco, and Reorganized HLI shall remain the parent corporation of the Reorganized Debtors; provided, however, that the Debtors shall give the Prepetition Agent and Apollo notice of any decision not to enter into the New Holding Company Formation at least ten (10) days prior to the Effective Date.

6.6 Directors and Officers.

(a) The existing senior officers of the Debtors shall serve as officers of New ~~Grantparent~~ Holdco Company in their current capacities after the Effective Date, subject to the terms of the applicable employment agreements and the rights of the Boards of Directors.

(b) On the Effective Date, the term of the current members of the board of directors of HLI shall expire. The From and after the Effective Date, the initial board of directors of New Holdco will consist of seven (7) directors. The members of the initial board of directors of New Holdco will be individuals recommended by the Director Selection Committee. The Director Selection Committee will use all commercially reasonable efforts and work in good faith to recommend a slate of directors that is mutually satisfactory to the Debtors, the Creditors' Committee, the Prepetition Lenders and Apollo. It is anticipated that the Chief Executive Officer of New Holdco will serve on the new board of directors. If the Director Selection Committee fails to unanimously recommend a mutually agreeable slate on or before the date that is 30 days prior to the date initially scheduled for the Confirmation Hearing, then the initial board

of directors shall include Curtis Clawson (or in the event of his death, incapacity, or resignation, resignation or dismissal, the chief executive officer of HLI) shall serve as a director and shall be entitled to select one (1) additional director. The remaining five (5) directors shall be selected by the Creditors' Committee Mr. Clawson (or such chief executive officer). Additionally, Apollo and the Prepetition Lenders with the Agent (as directed by the requisite number of Prepetition Lenders selecting three (3)) shall each select two (2) directors and the Creditors' Committee selecting (2) remaining director shall be selected by mutual agreement of Apollo and the Prepetition Lenders; provided, that the board of directors, collectively, including any required committee thereof, shall comply with any other qualification, experience, and independence requirements under applicable law, including the Sarbanes-Oxley Act of 2002 and the rules then in effect of the stock exchange or quotation system (including the benefit of any transition periods available under applicable law) on which New Common Stock is listed or is anticipated to be listed, when such stock is listed. Thereafter, the board of directors of New Holdco shall be subject to the provisions of the articles of incorporation and by-laws of New Holdco.

The Persons designating board members shall file with the Bankruptcy Court and give to the Debtors written notice of the identities of such members on a date that is not less than ~~five (5)~~ ten (10) days prior to the ~~Confirmation Hearing~~ Voting Deadline; provided, however, that if and to the extent that any party fails to file and give such notice, the Debtors shall designate the members of the board of directors of New Holdco by announcing their identities at the Confirmation Hearing. After the notices of the identities of the new board members are filed with the Bankruptcy Court, the Claims Agent shall post such notices on its Internet website at www.bsillc.com.

(c) Board members shall serve an initial term for a period from the Effective Date through the date of the annual meeting that first occurs after a date which is one (1) year after the Effective Date and for one (1) year terms thereafter (with such subsequent terms subject to election by shareholder vote) with each such term expiring at the conclusion of the next annual meeting of stockholders.

6.7 Employment, Retirement, Indemnification and Other Agreements and Incentive Compensation Programs.

(a) Upon the occurrence of the Effective Date, the Reorganizing Debtors shall continue the Pension Plan, meet the minimum funding standards under ERISA and the Internal Revenue Code, pay all PBGC insurance premiums, and administer and operate the Pension Plan in accordance with its terms and ERISA.

Nothing in this Plan shall be deemed to discharge, release, or relieve the Debtors, Reorganized Debtors, any member of the Debtors' controlled groups (as defined in 29 U.S.C. § 1301(a)(14)), or any other party, in any capacity, from any current or future liability with respect to the Pension Plan, and the PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability as a result of the Plan's provisions or consummation. Upon the Effective Date of the Plan, the PBGC shall be deemed to have withdrawn with prejudice any proofs of claim it filed during the Chapter 11 Cases

(b) Upon the occurrence of the Effective Date, the Reorganizing Debtors shall continue to pay benefits under the Retiree Medical Programs at the levels and for the duration of the periods that the Reorganizing Debtors are otherwise obligated to provide such benefits pursuant to the Retiree Medical Programs, including any obligations under the Golden and Hall Settlement Agreements and Judgments. Nothing in this Plan shall be deemed to discharge, release, or relieve the Debtors or the Reorganized Debtors from any liability with respect to the Retiree Medical Programs and the beneficiaries of the Retiree Medical Programs or their representatives shall not be enjoined or precluded from enforcing such liability as a result of the Plan's provisions or confirmation. Upon the Effective Date of the Plan, the three protective proofs of claim filed by class counsel pursuant under the Golden and Hall Settlement Agreements and Judgments (Proofs of Claim Nos. 2719, 2726 and 2987), the two protective proofs of claim filed by the authorized representative of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America and its Locals (Proofs of Claim No. 3524, 3525) and the protective proof of claim filed PACE International Union (Proof of Claim No. 3071) shall be deemed to be withdrawn with prejudice.

(c) To the extent that any of the Debtors has in place as of the Effective Date employment, severance (change in control), retirement, indemnification and other agreements with their respective active directors, officers and employees who will continue in such capacities or a similar capacity after the Effective Date, or retirement income plans, welfare benefit plans and other plans for such Persons, such agreements, programs and plans will remain in place after the Effective Date, and Reorganized Debtors will continue to honor such agreements, programs and plans; provided, however, that in the case of indemnification, the extent of the Reorganized Debtors' obligations shall be as specified and limited in Section 11.7 of this Plan. Benefits provided under such agreements or plans may include benefits under qualified and non-qualified retirement plans; health and dental coverage; short and long term disability benefits; death and supplemental accidental death benefits; vacation; leased car; club memberships; financial consulting, tax preparation and estate planning as well

as an annual physical examination, each paid or provided commensurate with an employee's position in accordance with the Company's policies then in effect. Such agreements and plans also may include equity, bonus and other incentive plans in which officers and other employees of the Reorganized Debtors may be eligible to participate, including the Short Term Incentive Plan; provided, however, that pursuant to the Long Term Incentive Plan, there shall be reserved for certain members of management, directors, and other employees of the Reorganized Debtors a certain number of shares of New Common Stock and other securities all as more fully described Section ~~6.8~~ 6.9 below. However, as of the Effective Date, the Reorganized Debtors will have the authority to terminate, amend or enter into employment, retirement, indemnification and other agreements with its respective active directors, officers and employees and to terminate, amend or implement retirement income plans, welfare benefit plans and other plans for active employees.

~~(b)~~(d) Notwithstanding anything contained herein to the contrary, the terms of the Employee Retention ~~Program~~ Plan shall not be modified, altered, or amended. Retention Bonuses and Restructuring Performance Bonuses (each as defined in the Employee Retention Plan) shall be paid in the amounts and at such times (or as soon thereafter as reasonably practicable) as contemplated by the Employee Retention Program.

6.8 Continuation of Workers' Compensation Programs. Upon confirmation and substantial consummation of the Plan, the Reorganizing Debtors shall continue the Workers' Compensation Programs in accordance with applicable state laws. Nothing in the Plan shall be deemed to discharge, release, or relieve the Debtors or Reorganized Debtors from any current or future liability with respect to any of the Workers' Compensation Programs. The Reorganized Debtors shall be responsible for all valid claims for benefits and liabilities under the Workers' Compensation Programs regardless of when the applicable injuries were incurred. Any and all obligations under the Workers' Compensation Programs, including any assessments with respect to the Michigan Workers' Compensation Programs and retrospectively rated premium rate adjustments from the Ohio Bureau of Workers' Compensation, shall be paid in accordance with the terms and conditions of Workers' Compensation Programs and in accordance with all applicable laws.

6.9 Implementation of the Long Term Incentive Program. The Reorganized Debtors shall implement the Long Term Incentive Plan in order to promote the growth and general prosperity of the Reorganized Debtors by offering incentives to key employees who are primarily responsible for the growth of the Reorganized Debtors,

and to attract and retain qualified employees and thereby benefit the shareholders of the Reorganized Debtors based on growth of the Reorganized Debtors. The Long Term Incentive Plan will be administered by the Compensation Committee of New Holdco's Board of Directors. In applying and interpreting the provisions of the Long Term Incentive Plan, the decisions of the Compensation Committee of New Holdco, pursuant to authority to be granted by the Board of Directors of New Holdco, shall be final. The Compensation Committee of New Holdco shall have the right to amend, modify or to rescind the Long Term Incentive Plan in whole or in part at any time subject to any existing contract rights the participants in such plan may hold.

Exhibit D hereto is a summary of the Long Term Incentive Plan and of components of compensation to be paid to management after the Effective Date to the extent that the terms and provisions differ significantly from such management member's current compensation.

6.9 6.10 Termination of the Motor Wheel SERP. As of the Effective Date, the Motor Wheel SERP shall be deemed to be terminated and the Reorganized Debtors' obligations thereunder shall cease. Each participant in the Motor Wheel SERP shall be granted an Allowed General Unsecured Claims against HLI equal to the amount of accrued deferred compensation reflected on the Debtors' books and records with respect to such participant's Motor Wheel SERP allocation.

6.10 6.11 Enforcement of Subordination Provisions / Intercreditor Agreements. Except with respect to the distributions of Warrants to be made to the holders of Subordinated Note Claims in the event of an acceptance of the Plan by the Class 7 6 Subordinated Note Claims, the subordination provisions applicable to Subordinated Note Claims shall be enforced and, accordingly, any distributions to which they would otherwise be entitled will be distributed directly to the Prepetition Lenders and the Senior Noteholders until such claims have been satisfied in full including all interest, fees and other charges payable under either the Prepetition Credit Agreement or the Senior Note Indenture with such obligations to be determined as if the Chapter 11 Cases had not been commenced. Additionally, the terms of the Intercreditor Agreement shall be enforced with respect to the various rights and remedies between the Prepetition Lenders and the BMO Synthetic Lessors.

6.11 6.12 Issuance of ~~New Senior Notes~~, New Common Stock and Warrants.

(a) On or before the Distribution Date, ~~New Operating Company shall issue the New Senior Notes and~~ New Holdco shall issue the New Common Stock and Warrants for distribution to Claimholders in accordance with the terms of this Plan. The issuance of ~~the New Senior Notes~~, the New Common Stock and Warrants and the distribution thereof to Claimholders shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code.

(b) New Holdco shall use reasonable efforts to list the New Common Stock on a national securities exchange or for quotation on a national automated interdealer quotation system but shall have no liability if it is unable to do so. Persons receiving distributions of New Common Stock, by accepting such distributions, shall have agreed to cooperate with New Holdco's reasonable requests to assist New Holdco in its efforts to list the New Common Stock on a securities exchange or quotation system.

6.12 6.13 Post-Effective Date Financing. The Reorganized Debtors expect to enter into the New Credit Facility in order to obtain the funds necessary to: (a) repay the DIP Facility Claims; (b) make other payments required to be made on the Effective Date; and (c) conduct its post-reorganization operations. Documents evidencing the New Credit Facility, or commitment letters with respect thereto, shall be filed by the Debtors with the Bankruptcy Court no later than the Confirmation Date. Notice of any material modification to the New Credit Facility or the commitment letters with respect thereto after its filing with the Bankruptcy Court shall be provided to the Prepetition Agent, the DIP Agent, and the Creditors' Committee. In the Confirmation Order, the Bankruptcy Court shall approve the New Credit Facility in substantially the form filed with the Bankruptcy Court and authorize the Reorganized Debtors to execute the same together with such other documents as the New Credit Facility lenders may reasonably require in order to effectuate the treatment afforded to such parties under the New Credit Facility.

6.13 6.14 Restructuring Transactions. On or prior to the Effective Date, the Reorganized Debtors shall take such actions as may be necessary or appropriate to effect the relevant Restructuring Transactions. Such actions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation or reorganization containing terms that are consistent with the terms of this Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of this Plan; (c) the filing of appropriate certificates of incorporation, merger or consolidation with the appropriate governmental authorities under applicable law; and (d) all other

actions that such Debtor determines are necessary or appropriate, including the making of filings or recordings in connection with the relevant Restructuring Transaction. The form of each Restructuring Transaction shall be determined by the Boards of Directors of a Reorganized Debtor party to any Restructuring Transaction. In the event a Restructuring Transaction is a merger transaction, upon the consummation of such Restructuring Transaction, each party to such merger shall cease to exist as a separate corporate entity and thereafter the surviving Reorganized Debtor shall assume and perform the obligations of each Reorganized Debtor under this Plan. In the event a Reorganized Debtor is liquidated, the Reorganized Debtors (or the Reorganized Debtor which owned the stock of such liquidating Debtor prior to such liquidation) shall assume and perform such obligations.

6.14 6.15 Preservation of Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in the Plan and the DIP Financing Order, the Reorganized Debtors shall retain and may (but are not required to) enforce all Retained Actions and all Avoidance Claims, a nonexclusive list of which is attached hereto as Exhibit B, and other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all other Causes of Action of a trustee and debtor-in-possession under the Bankruptcy Code. The Debtors or the Reorganized Debtors, in their sole ~~and absolute~~ discretion, will determine whether to bring, settle, release, compromise, or enforce such rights (or decline to do any of the foregoing). The Reorganized Debtors or any successors may pursue such litigation claims in accordance with the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit or proceeding in the Debtors' Schedules or in Exhibit B does not, and will not be deemed to, constitute a waiver or release by the Debtors of such claim, right of action, suit or proceeding, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits or proceedings in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such claim, right of action, suit or proceeding upon or after the confirmation or consummation of the Plan.

~~6.15 Exclusivity Period. The Debtors shall retain the exclusive right to amend or modify the Plan, and to solicit acceptances of any amendments to or modifications of the Plan, through and until the Effective Date.~~

6.16 Effectuating Documents; Further Transactions. The Chairman of the Board of Directors, the Chief Executive Officer, or any other ~~executive~~ officer of the Debtors shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Secretary or Assistant Secretary of the Debtors shall be authorized to certify or attest to any of the foregoing actions.

ARTICLE VII

UNEXPIRED LEASES AND EXECUTORY CONTRACTS

7.1 Assumed Contracts and Leases. Each executory contract and unexpired lease to which the Debtors are a party shall be deemed automatically assumed and Reinstated as of the Effective Date, unless such executory contract or unexpired lease (a) shall have been previously rejected by the Debtors, (b) is the subject of a motion to reject filed, or a notice of rejection served pursuant to order of the Bankruptcy Court, on or before the Confirmation Date, (c) is listed on the schedule of rejected contracts and leases annexed hereto as Exhibit H, or (d) or expired prior to the Effective Date and/or is no longer executory on the Effective Date by its own terms. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions, pursuant to section 365(b)(1) of the Bankruptcy Code and, to the extent applicable, section 365(b)(3) of the Bankruptcy Code, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to a Final Order of the Bankruptcy Court or is otherwise rejected as a part of this Plan.

7.2 Rejected Contracts and Leases. Except with respect to executory contracts and unexpired leases that have previously been rejected or are the subject of a motion to reject filed, or a notice of rejection served pursuant to an order of the Bankruptcy Court, on or before the Confirmation Date, all executory contracts and

unexpired leases set forth on Exhibit H shall be deemed automatically rejected as of the Effective Date or such earlier date as the Debtors may have unequivocally terminated their performance under such lease or contract; provided, however, that neither the inclusion by the Debtors of a contract or lease on Exhibit H nor anything contained in this Plan shall constitute an admission by the Debtors that such lease or contract is an unexpired lease or executory contract or that any Debtor, or any of their Affiliates, has any liability thereunder. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code. The Debtors reserve the right to file a motion on or before the Confirmation Date to reject any executory contract or unexpired lease.

7.3 Payments Related to Assumption of Executory Contracts and Unexpired Leases. The provisions (if any) of each executory contract and unexpired lease to be assumed and Reinstated under the Plan which are or may be in default shall be satisfied solely by Cure. In the event of a dispute regarding (a) the nature or the amount of any Cure, (b) the ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur as soon as practicable following the entry of a Final Order resolving the dispute and approving the assumption and, as the case may be, assignment.

7.4 Rejection Damages Bar Date. If the rejection by the Debtors (pursuant to the Plan or otherwise) of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against either the Debtors or the Reorganized Debtors or such entities’ properties unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors within thirty (30) days after service of the earlier of (a) notice of the Confirmation Order or (b) other notice that the executory contract or unexpired lease has been rejected.

ARTICLE VIII

PROVISIONS GOVERNING DISTRIBUTIONS

8.1 Time of Distributions. Except as otherwise provided for herein or ordered by the Bankruptcy Court, distributions under the Plan shall be made on a Periodic Distribution Date.

8.2 No Interest on Claims. Unless otherwise specifically provided for in the Plan, Confirmation Order, or the DIP Credit Agreement or the DIP Facility Order, Postpetition Interest shall not accrue or be paid on Claims, and no Claimholder shall be entitled to interest accruing on or after the Petition Date on any Claim, right, or Interest. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

8.3 Disbursing Agent. The Disbursing Agent shall make all distributions required under this Plan except with respect to a holder of a Claim whose distribution is governed by an Indenture or other agreement and is administered by a Servicer, which distributions shall be deposited with the appropriate Servicer, who shall deliver such distributions to the holders of Claims in accordance with the provisions of this Plan and the terms of the Indenture or other governing agreement; provided, however, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with the cooperation of such Servicer, shall make such distributions.

8.4 Surrender of Securities or Instruments. On or before the Distribution Date, or as soon as practicable thereafter, each holder of an instrument evidencing either a Claim, including, without limitation, a Claim on account of the Indenture (as to each, a “Certificate”), shall surrender such Certificate to the Disbursing Agent, or, with respect to indebtedness that is governed by the Indenture or other agreement, the respective Servicer, and such Certificate shall be cancelled. No distribution of property hereunder shall be made to or on behalf of any such holder unless and until such Certificate is received by the Disbursing Agent or the respective Servicer or the unavailability of such Certificate is reasonably established to the satisfaction of the Disbursing Agent or the respective Servicer. Any holder who fails to surrender or cause to be surrendered such Certificate, or fails to execute and deliver an affidavit of loss and indemnity reasonably satisfactory to the Disbursing Agent or the respective Servicer prior to the second anniversary of the Effective Date, shall be deemed to have forfeited all rights and Claims in respect of such Certificate and shall not participate in any distribution hereunder, and

all property in respect of such forfeited distribution, including any dividends or interest attributable thereto, shall revert to the Reorganized Debtors notwithstanding any federal or state escheat laws to the contrary.

8.5 Instructions to Disbursing Agent. Prior to any distribution on account of any claim pursuant to an Indenture, the Servicer with respect to an Indenture shall (a) inform the Disbursing Agent as to the amount of properly surrendered claim pursuant thereto and (b) instruct the Disbursing Agent, in a form and manner that the Disbursing Agent reasonably determines to be acceptable, of the names of such Claimholders who have properly surrendered Debentures.

8.6 Services of Indenture Trustees, Agents and Servicers. The services, with respect to consummation of the Plan, of Servicers under the Indentures and other agreements that govern the rights of Claimholders shall be as set forth elsewhere in this Plan, and the Reorganized Debtors shall reimburse any Servicer in the ordinary course for reasonable and necessary services performed by it as contemplated by, and in accordance with, this Plan, without the need for the filing of an application with, or approval by, the Bankruptcy Court.

8.7 Record Date for Distributions to Holders of Debentures Unsecured Notes. At the close of business on the Record Date, the transfer ledgers of the Servicers of the Indentures shall be closed, and there shall be no further changes in such record holders. Reorganized HLI and the Servicers for such Indentures and the Disbursing Agent shall have no obligation to recognize any transfer of such Certificates occurring after the Record Date. The Reorganized Debtors and the Servicers for such Certificates and the Disbursing Agent shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the transfer ledgers as of the close of business on the Record Date.

8.8 Claims Administration Responsibility. The Reorganized Debtors will retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving and making distributions to all Claims against the Debtors, including but not limited to Administrative Claims, Priority Tax Claims, Other Priority Claims, Prepetition Credit Facility Secured Claims, Synthetic Lessors Secured Claims, Miscellaneous Secured Claims, Senior Note Claims, Subordinated Note Claims, General Unsecured Claims and Subordinated Securities Claims.

8.9 Delivery of Distributions. Distributions to Allowed Claimholders shall be made by the Disbursing Agent or the appropriate Servicer (a) at the addresses set forth on the proofs of claim or interest filed by such Claimholders (or at the last known addresses of such Claimholders if no proof of claim or interest is filed or if the Debtors have been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related proof of claim or interest, (c) at the addresses reflected in the Schedules if no proof of claim or interest has been filed and the Disbursing Agent has not received a written notice of a change of address, or (d) in the case of a Claimholder whose Claim is governed by an Indenture or other agreement and is administered by a Servicer, at the addresses contained in the official records of such Servicer. If any Claimholder's distribution is returned as undeliverable, no further distributions to such Claimholder shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified of such Claimholder's then current address, at which time all missed distributions shall be made to such Claimholder without interest. Amounts in respect of undeliverable distributions shall be returned to the Reorganized Debtors until such distributions are claimed. All claims for undeliverable distributions shall be made on or before the second anniversary of the Effective Date. After such date, all unclaimed property shall revert to the Reorganized Debtors. Upon such reversion, the claim of any Claimholder, or their successors, with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

8.10 Procedures for Treating and Resolving Disputed and Contingent Claims.

(a) *No Distributions Pending Allowance.* No payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Claims must be filed on or before the Claims Objection Deadline.

(b) *Distribution Reserve.* The Disbursing Agent will withhold a separate Distribution Reserve from the property to be distributed to holders of Class ~~6~~ 5 Senior Note Claims, Class ~~7~~ 6 Subordinated Note Claims and Class ~~8~~ 7 General Unsecured Claims. The amount of New Common Stock and Warrants withheld as a part of the Distribution Reserve shall be equal to the amount the Reorganized Debtors reasonably determine is necessary to satisfy the distributions required to be made, respectively, to the Claimholders in such Classes when the allowance or disallowance of each Claim is ultimately determined. The Disbursing Agent may request estimation for

any Disputed Claim that is contingent or unliquidated (but is not required to do so). The Disbursing Agent will also place in the Distribution Reserve any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the property withheld in the Distribution Reserve, to the extent that such property continues to be withheld in the Distribution Reserve at the time such distributions are made or such obligations arise. If practicable, the Disbursing Agent will invest any Cash that is withheld as the Distribution Reserve in a manner that will yield a reasonable net return, taking into account the safety of the investment. Nothing in the Plan or Disclosure Statement will be deemed to entitle the Claimholder of a Disputed Claim to Postpetition Interest on such Claim.

(c) *Distributions After Allowance.* Payments and distributions from the Distribution Reserve to each respective Claimholder on account of a Disputed Claim, to the extent that it ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern distributions to such Claimholders. On the first Periodic Distribution Date following the date when a Disputed Claim becomes an undisputed, noncontingent and liquidated Claim, the Disbursing Agent will distribute to the Claimholder any Cash or New Common Stock from the Distribution Reserve that would have been distributed on the dates distributions were previously made to Claimholders had such Allowed Claim been an Allowed Claim on such dates. After a Final Order has been entered, or other final resolution has been reached with respect to all Disputed Claims, any remaining Cash or New Common Stock held in the Distribution Reserve will be distributed Pro Rata to Allowed Claimholders in accordance with the other provisions of this Plan. Subject to Section 8.2 hereof, all distributions made under this subsection 8.10(c) of the Plan on account of an Allowed Claim will be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claimholders included in the applicable class.

The Disbursing Agent and the Servicers shall be required to vote any shares of the New Common Stock held in the Distribution Reserve or by such Servicer pursuant to the provisions of a voting trust agreement that will require that shares of New Common Stock in the Distribution Reserve or held by a Servicer be voted in the same proportion as shares not held in the Distribution Reserve or by such Servicer.

(d) *De Minimis Distributions.* Neither the Distribution Agent nor any Servicer shall have any obligation to make a distribution on account of an Allowed Claim from any Distribution Reserve or otherwise if (a) the aggregate amount of all distribu-

tions authorized to be made from such Distribution Reserve or otherwise on the Periodic Distribution Date in question is or has a value less than \$250,000, or (b) if the amount to be distributed to the specific holder of the Allowed Claim on the particular Periodic Distribution Date does not constitute a final distribution to such holder and is or has a value less than \$50.

8.11 Fractional Securities; Fractional Dollars. No fractional shares of New Common Stock will be issued or distributed under the Plan. Each Person entitled to receive New Common Stock will receive the total number of whole shares of New Common Stock to which such Person is entitled. Whenever any distributions to a Person would otherwise call for distribution of a fraction of a share of New Common Stock, the actual distribution of shares of such New Common Stock will be rounded to the next higher or lower whole number with fractions of less than or equal to $\frac{1}{2}$ being rounded to the next lower whole number. No consideration will be provided in lieu of fractional shares that are rounded down. The total number of shares of New Common Stock to be distributed to each Class of Claims will be adjusted as necessary to account for the rounding provided herein. Any other provision of the Plan notwithstanding, neither the Debtors, the Disbursing Agent nor the Servicer will be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

ARTICLE IX

ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

9.1 DIP Facility Claim. ~~On or within one (1) Business Day after the Effective Date, all claims arising under the DIP Facility shall be allowed in an amount to be agreed upon by the Debtors and such Claimholders, and all obligations of the Debtors under the DIP Facility shall be paid in full in Cash or otherwise satisfied in a manner acceptable to such Claimholders in accordance with the terms of the DIP Facility and the DIP Credit Agreement including, without limitation, replacement of letters of credit issued under the DIP Credit Facility with substitute letters of credit or $\frac{1}{2}$ Cash collateralization of such letters of credit or provision of back to back letters of credit.~~ Upon compliance with the preceding sentence, all liens and security interests granted to

secure such obligations shall be deemed cancelled and shall be of no further force and effect.

9.2 Professional Claims.

(a) *Final Fee Applications.* All final requests for payment of Professional Claims must be filed no later than sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court.

(b) *Payment of Interim Amounts.* Subject to the Holdback Amount, ~~on~~ as soon as practicable after the Effective Date, the Debtors or the Reorganized Debtors shall pay all amounts owing to ~~professionals~~ Professionals for all outstanding amounts relating to prior periods through the Effective Date. In order to receive payment on the Effective Date for unbilled fees and expenses incurred through such date, the ~~professionals~~ Professionals shall estimate fees and expenses due for periods that have not been billed as of the Effective Date and shall deliver such estimate to counsel for the Debtors, the Prepetition Agent, Apollo and the Creditors' Committee. Within fifteen (15) days after the Effective Date, a ~~professional~~ Professional receiving payment for the estimated period shall submit a detailed invoice covering such period in the manner and providing the detail as set forth in the Professional Fee Order.

(c) On the Effective Date, the Debtors or the Reorganized Debtors shall pay to the Disbursing Agent, in order to fund the Holdback Escrow Account, Cash equal to the aggregate Holdback Amount for all ~~professionals~~ Professionals. The Disbursing Agent shall maintain the Holdback Escrow Account in trust for the ~~professionals~~ Professionals with respect to whom fees have been held back pursuant to the Professional Fee Order. Such funds shall not be considered property of the Reorganized Debtors. ~~The remaining amount of Professional Claims Holdbank Amounts~~ owing to the ~~professionals~~ Professionals shall be paid to such ~~professionals~~ Professionals by the Disbursing Agent from the Holdback Escrow Account when such claims are finally allowed by the Bankruptcy Court. When all Professional Claims have been paid in full, amounts remaining in the Holdback Escrow Account, if any, shall be paid to the Reorganized Debtors. The remaining amount of Professional Claims owing to the Professionals as of the Effective Date other than the Holdback Amount shall be paid to such Professionals by the Reorganized Debtors.

(d) Upon the Effective Date, any requirement that professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate.

9.3 Substantial Contribution Compensation and Expenses Bar Date. Any Person who requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), ~~502(b)(4)~~ 503(b)(4), and 503(b)(5) of the Bankruptcy Code must file an application with the clerk of the Bankruptcy Court, on or before a date which is thirty (30) days after the Effective Date (the “503 Deadline”), and serve such application on counsel for the Debtors and as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the 503 Deadline, or be forever barred from seeking such compensation or expense reimbursement.

9.4 Other Administrative Claims. All other requests for payment of an Administrative Claim (other than as set forth in Sections 9.2 and 9.3 of this Plan) must be filed with the Bankruptcy Court and served on counsel for the Debtors no later than thirty (30) days after the Effective Date. Unless the Debtors or the Reorganized Debtors object to an Administrative Claim by the Claims Objection Deadline, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is paid or payable by either Debtor in the ordinary course of business.

ARTICLE X

HLI CREDITOR TRUST

10.1 Appointment of Trustee.

(a) The Trustee for the HLI Creditor Trust shall be designated by the Creditors’ Committee. ~~Specifically, the~~ The Trustee shall be independent of the Debtors and Reorganized Debtors. The Creditors’ Committee shall file a motion on a date which is at least ten (10) days prior to the ~~date the Bankruptcy Court establishes for the Confirmation Hearing~~ Voting Deadline designating the Person who it has selected as Trustee and seeking approval of such designation. The Person designated as Trustee

shall file an affidavit demonstrating that such Person is disinterested as defined by section 101(14) of the Bankruptcy Code. The Person so designated by the Creditors' Committee shall become the Trustee upon the Bankruptcy Court entering an order granting the motion after consideration of the same and any objections thereto at the Confirmation Hearing.

(b) The Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Trust Agreement.

10.2 Assignment of Trust Assets to the HLI Creditor Trust. On the Effective Date, the Debtors shall transfer and shall be deemed to have transferred to the HLI Creditor Trust, for and on behalf of the beneficiaries of the Trust, the Trust Assets including the Trust Claims (subject to the obligation to repay the Expense Advance).

10.3 The HLI Creditor Trust.

(a) Without any further action of the directors or shareholders of the Debtors, on the Effective Date, the Trust Agreement, substantially in the form of Exhibit C to this Plan, shall become effective. The Trustee shall accept the HLI Creditor Trust and sign the Trust Agreement on that date and the HLI Creditor Trust will then be deemed created and effective.

(b) Interests in the HLI Creditor Trust shall be uncertificated and shall be non-transferable except upon death of the interest holder or by operation of law. Holders of interests in the HLI Creditor Trust shall have no voting rights with respect to such interests. The HLI Creditor Trust shall have a term of three (3) years from the Effective Date, without prejudice to the rights of the Trust Advisory Board to extend such term conditioned upon the HLI Creditor Trust's not then becoming subject to the Exchange Act. The terms of the Trust may be amended by the Debtors prior to the Effective Date or the Trustee after the Effective Date to the extent necessary to ensure that the Trust will not become subject to the Exchange Act.

(c) The Trustee shall have full authority to take any steps necessary to administer the Trust Agreement, including, without limitation, the duty and obligation to liquidate Trust Assets, to make distributions to the holders of Claims entitled to distributions from the Trust and, if authorized by majority vote of those members of the Trust Advisory Board authorized to vote, to pursue and settle Trust Claims. Upon such assignments (which, as stated above, shall be transferred on the Effective Date), the Trustee, on behalf of the HLI Creditor Trust, shall assume and be responsible for all of

the Debtors' responsibilities, duties and obligations with respect to the subject matter of such assignments, and the Debtors, the Disbursing Agent and the Reorganized Debtors shall have no other further rights or obligations with respect thereto.

~~(e)~~(d) The Trustee shall take such steps as it deems necessary (having first obtained such approvals from the Trust Advisory Board as may be necessary, if any) to reduce the Trust Assets to Cash to make distributions required hereunder, provided that the Trustee's actions with respect to disposition of the Trust Assets should be taken in such a manner so as reasonably to maximize the value of the Trust Assets.

~~(d)~~(e) All costs and expenses associated with the administration of the HLI Creditor Trust, including those rights, obligations and duties described in Section ~~10.3(b)~~ 10.3(c) of this Plan, shall be the responsibility of and paid by the HLI Creditor Trust. Notwithstanding the foregoing, the Reorganized Debtors shall cooperate with the Trustee in pursuing such Trust Recoveries and shall afford reasonable access during normal business hours, upon reasonable notice, to personnel and books and records of the Reorganized Debtors to representatives of the HLI Creditor Trust to enable the Trustee to perform the Trustee's tasks under the Trust Agreement and this Plan; provided, however, that the Reorganized Debtors will not be required to make expenditures in response to such requests determined by them to be unreasonable. Other than distributions set forth in Section 10.6, the Reorganized Debtors shall not be entitled to compensation or reimbursement (including reimbursement for professional fees) with respect to fulfilling their obligations as set forth in subsection 10.3(d). The Bankruptcy Court retains jurisdiction to determine the reasonableness of either a request for assistance and/or a related expenditure. Any requests for assistance shall not interfere with the Reorganized Debtors' business operations.

~~(e)~~(f) The Trustee may retain such law firms, accounting firms, experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as it may deem necessary (collectively, the "Trustee Professionals"), in its sole discretion, to aid in the performance of its responsibilities pursuant to the terms of this Plan including, without limitation, the liquidation and distribution of Trust Assets. The Trustee Professionals shall continue to prepare monthly statements in the same manner and in the same detail as required pursuant to the Professional Fee Order, and the Trustee Professionals shall serve such statements on each member of the Trust Advisory Board. In the event two or more members of the Trust Advisory Board object to the reasonableness of such fees and expenses, the matter shall be submitted to the Bankruptcy Court for approval of the reasonableness of such fees and expenses.

~~(f)~~(g) For federal income tax purposes, it is intended that the HLI Creditor Trust be classified as a liquidating trust under section 301.7701-4 of the Treasury regulations and that such trust is owned by its beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution of an undivided interest in each of the Trust Assets and then contributed such interests to the HLI Creditor Trust.

~~(g)~~(h) The Trustee shall be responsible for filing all federal, state and local tax returns for the HLI Creditor Trust. The Trustee shall provide to holders of interests in the HLI Creditor Trust copies of annual, audited financial statements, with such copies to be made available on an Internet website to be maintained by the Trustee and notice of which shall be given by the Trustee to such interest holders.

10.4 The Trust Advisory Board.

(a) The Trust Advisory Board shall be composed of three (3) members. ~~The Prepetition Lenders~~ Apollo shall designate one (1) member and the Creditors' Committee shall designate the remaining two (2) members. Such parties shall give written notice of the identities of such members, file it of record and serve such notice on each other on a date that is not less than ~~five (5)~~ ten (10) days prior to the ~~Confirmation Hearing~~ Voting Deadline; provided, however, that if and to the extent ~~the Prepetition Lenders~~ Apollo and/or the Creditors Committee fail to file and give such notice, the Debtors shall designate the members of the Trust Advisory Board by announcing their identities at the Confirmation Hearing. After the notices of the identities of the Trust Advisory Board members are filed with the Bankruptcy Court, the Claims Agent shall post such notices on its Internet website at www.bsillc.com. The Trust Advisory Board shall adopt such bylaws as it may deem appropriate. The Trustee shall consult regularly with the Trust Advisory Board when carrying out the purpose and intent of the HLI Creditor Trust. Members of the Trust Advisory Board shall be entitled to compensation in accordance with the Trust Agreement and to reimbursement of the reasonable and necessary expenses incurred by them in carrying out the purpose of the Trust Advisory Board. Reimbursement of the reasonable and necessary expenses of the members of the Trust Advisory Board and their compensation to the extent provided for in the Trust Agreement shall be payable by the HLI Creditor Trust.

(b) In the case of an inability or unwillingness of any member of the Trust Advisory Board to serve, such member shall be replaced by designation of the remaining members of the Trust Advisory Board. If any position on the Trust Advisory Board remains vacant for more than thirty (30) days, such vacancy shall be filled within

fifteen (15) days thereafter by the designation of the Trustee without the requirement of a vote by the other members of the Trust Advisory Board.

(c) Upon the certification by the Trustee that all assets transferred into Trust have been distributed, abandoned or otherwise disposed of, the members of the Trust Advisory Board shall resign their positions, whereupon they shall be discharged from further duties and responsibilities.

(d) The Trust Advisory Board may, by majority vote, approve all settlements of Trust Claims which the Trustee may propose, subject to Bankruptcy Court approval of such settlements after notice and a hearing, provided, however, that the Trustee may seek Bankruptcy Court approval of a settlement of a Trust Claim if the Trust Advisory Board fails to act on a proposed settlement of such Trust Claim within thirty (30) days of receiving notice of such proposed settlement by the Trustee.

(e) The Trust Advisory Board may, by majority vote, authorize the Trustee to invest the corpus of the Trust in prudent investments other than those described in section 345 of the Bankruptcy Code.

(f) The Trust Advisory Board may remove the Trustee in the event of gross negligence or willful misconduct. In the event the requisite approval is not obtained, the Trustee may be removed by the Bankruptcy Court for cause shown. In the event of the resignation or removal of the Trustee, the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Trustee.

(g) The Trust Advisory Board shall require a fidelity bond from the Trustee in such reasonable amount as may be agreed to by majority vote of the Trust Advisory Board.

(h) The Trust Advisory Board shall govern its proceedings through the adoption of bylaws, which the Trust Advisory Board may adopt by majority vote. No provision of such bylaws shall supersede any express provision of the Plan.

10.5 Funding of the Expense Advance. ~~On~~ As soon as practicable after the Effective Date, the Debtors shall fund the Expense Advance and deliver it to the Trustee to be used by the Trustee consistent with the purpose of the HLI Creditor Trust and subject to the terms and conditions of this Plan and the Trust Agreement.

10.6 Repayment of Expense Advance. Immediately upon receipt, all Trust Recoveries shall be paid to the Reorganized Debtors ~~in order~~ first to repay the Expense Advance (without interest).

10.7 Distributions of Trust Assets. Except as otherwise provided in Section 10.6, the Trustee shall make distributions of Trust Assets as follows: first, to repay the Expense Advance; second, to pay the Trust Expenses; third, to repay amounts, if any, borrowed by the Trustee in accordance with the Trust Agreement; and, fourth, to pay the distributions to Claimholders entitled to receive distributions from the HLI Creditor Trust as required by this Plan. Distributions to Claimholders entitled to receive distributions from the HLI Creditor Trust by the Trustee of Trust Assets shall be made at least semi-annually beginning with a calendar quarter that is not later than the end of the second calendar quarter after the Effective Date; provided, however, that the Trustee shall not be required to make any such semi-annual distribution in the event that the aggregate proceeds and income available for distribution to such Claimholders is not sufficient, in the Trustee's discretion (after consultation with the Trust Advisory Board) to distribute monies to such Claimholders. From time to time, but no less frequently than quarterly, the Trustee, in consultation with the Trust Advisory Board, shall estimate the amount of Trust Assets required to pay then outstanding and reasonably anticipated Trust Expenses. The Cash portion of Trust Assets in excess of such actual and estimated Trust Expenses shall be made available for distribution to Claimholders in the amounts, on the dates and subject to the other terms and conditions provided in this Plan. The Trustee will make continuing efforts to dispose of the Trust Assets, make timely distributions, and not unduly prolong the duration of the HLI Creditor Trust.

ARTICLE XI

EFFECT OF THE PLAN ON CLAIMS AND INTERESTS

11.1 Revesting of Assets. Except as otherwise explicitly provided in this Plan, on the Effective Date all property comprising the Estates (including Retained Actions and Avoidance Claims) shall revert in each of the Debtors and, ultimately, in the Reorganized Debtors, free and clear of all Claims, liens, charges, encumbrances, rights and Interests of creditors and equity security holders (other than as expressly provided herein). As of the Effective Date, the Reorganized Debtors may operate ~~its business~~ their businesses and use, acquire, and dispose of property and settle and compromise Claims without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or

Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order.

11.2 Discharge of the Debtors. Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in this Plan or in the Confirmation Order, the distributions and rights that are provided in this Plan shall be in complete satisfaction, discharge, and release, effective as of the Confirmation Date (but subject to the occurrence of the Effective Date), of Claims and Causes of Action, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, rights, and Interests, including, but not limited to, demands and liabilities that arose before the Confirmation Date, any liability (including withdrawal liability) to the extent such Claims relate to services performed by employees of the Debtors prior to the Petition Date and that arise from a termination of employment or a termination of any employee or retiree benefit program regardless of whether such termination occurred prior to or after the Confirmation Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not (i) a proof of claim or interest based upon such debt, right, or Interest is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim or Interest based upon such debt, right, or Interest is allowed under section 502 of the Bankruptcy Code, or (iii) the holder of such a Claim, right, or Interest accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all liabilities of and Interests in the Debtors, subject to the Effective Date occurring. Notwithstanding anything to the contrary herein, the Plan shall not discharge any claims that may be held by the SEC against any non-Debtor parties or enjoin or restrain the SEC from instituting or enforcing any such claims against any non-Debtor parties.

11.3 Compromises and Settlements. Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle various Claims (a) against them and (b) that they have against other Persons. The Debtors expressly reserve the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against them and claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Reorganized Debtors as contemplated in Section 11.1 of this Plan.

11.4 Release of Certain Parties. As of the Confirmation Date, but subject to the Effective Date, and except as otherwise expressly provided in the Plan, the Debtors and the Reorganized Debtors will be deemed to have released the Released Parties₂ from

any and all claims, obligations, rights, Causes of Action, and liabilities which the Debtors or the Estates are entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, based in whole or in part upon any act or omission, transaction, or occurrence in any way relating to the Debtors, these Chapter 11 Cases, or the Plan. Notwithstanding anything to the contrary herein, the Plan shall not release any claims that may be held by the SEC against any non-Debtor parties or enjoin or restrain the SEC from instituting or enforcing any such claims against any non-Debtor parties.

11.5 Setoffs. The Debtors may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against such Claimholder; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Claimholder.

11.6 Exculpation and Limitation of Liability. Except as otherwise specifically provided in this Plan, the Debtors, the Reorganized Debtors, the Creditors' Committee, the members of the Creditors' Committee in their capacities as such, the Prepetition Lenders, the Prepetition Agent, the DIP Lenders, the DIP Agent, any of such parties' respective present officers, directors (but with respect to such parties related to the Debtors, only the Released Parties shall be covered hereby), employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action, or liability to one another or to any Claimholder or Interestholder, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the filing the Chapter 11 Cases, negotiation and filing of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

11.7 Indemnification Obligations. Except as specifically provided in Section 6.7 of the Plan, in satisfaction and compromise of the Indemnitee's Indemnification Rights: (a) all Indemnification Rights except those held by (i) Persons included in either the definition of "Directors and Officers" or the "Insureds" in either of the policies providing the Debtors' D&O Insurance as of December 15, 2002, and (ii) Professionals,

but only to the extent that they have expressly been granted Indemnification Rights in ~~the documents filed with~~ retention agreements approved by the Bankruptcy Court and only to the extent that such Indemnification Rights are determined to be valid and enforceable, shall be released and discharged on and as of the Effective Date; provided that the Indemnification Rights excepted from the release and discharge shall remain in full force and effect on and after the Effective Date and shall not be modified, reduced, discharged, or otherwise affected in any way by the Chapter 11 Cases; (b) the Debtors or Reorganized Debtors, as the case may be, covenant to use commercially reasonable efforts to purchase and maintain D&O Insurance providing coverage for those Persons described in subsection (a)(i) of this Section 11.7 whose Indemnification Rights are not being released and discharged on and as of the Effective Date, for a period of two years after the Effective Date insuring such parties in respect of any claims, demands, suits, Causes of Action, or proceedings against such Persons based upon any act or omission related to such Person's service with, for, or on behalf of the Debtors or the Reorganized Debtors in at least the scope and amount as currently maintained by the Debtors (the "Insurance Coverage"); and (c) the Debtors or the Reorganized Debtors, as the case may be, hereby indemnify such Persons referred to in subclause (b) above to the extent of, and agree to pay for, any deductible or retention amount that may be payable in connection with any claim ~~covered by either~~ covered under the foregoing Insurance Coverage or any prior similar policy.

11.8 Injunction. The satisfaction, release, and discharge pursuant to this Article XI of this Plan shall also act as an injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action satisfied, released, or discharged under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof.

11.9 Release by Holders of Claims or Interests. As of the Effective Date, in consideration for the obligations of the Debtors, the Reorganized Debtors and their Estates under the Plan and other contracts, instruments, releases, agreements or documents to be entered into, or delivered in connection with, the Plan, each Claimholder, Interestholder and other party in interest, and their respective agents, employees, representatives, financial advisors, attorneys and Affiliates, and their successors and assigns, to the fullest extent permissible under applicable law, as such law may be extended subsequent to the Effective Date, will be deemed to forever release, waive and discharge any and all claims, obligations, rights, Causes of Action, and liabilities, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, based in whole or in part upon any act or omission, transaction, or occurrence taking place on,

or prior to, the Effective Date in any way relating to the Debtors, these Chapter 11 Cases, or the Plan that such entity has, had or may have against the Prepetition Agent, the Prepetition Lenders, the DIP Agent and the DIP Lenders (and any of their respective officers, directors, employees, agents, affiliates and other representatives).

11.10 Release by Debtors. As of the Effective Date, in consideration for the obligations of the Prepetition Agent, the Prepetition Lenders, the DIP Agent and the DIP Lenders, the Debtors and their Estates, to the fullest extent permissible under applicable law, as such law may be extended subsequent to the Effective Date, will be deemed to forever release, waive and discharge any and all claims, obligations, rights, Causes of Action, and liabilities, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, based in whole or in part upon any act or omission, transaction, or occurrence taking place on, or prior to, the Effective Date in any way relating to the Debtors, these Chapter 11 Cases, the Plan, the Prepetition Credit Agreement, the Prepetition Credit Facility, the DIP Credit Agreement or the DIP Facility that the Debtors have, had or may have against the Prepetition Agent, the Prepetition Lenders, the DIP Agent and the DIP Lenders (and any of their respective officers, directors, employees, agents, affiliates and other representatives).

ARTICLE XII

CONDITIONS PRECEDENT

12.1 Conditions to Confirmation. The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Bankruptcy Court shall have approved a disclosure statement with respect to the Plan in form and substance reasonably acceptable to the Debtors.

(b) The Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, Apollo and the Prepetition Agent.

12.2 Conditions to Consummation. ~~The Effective Date shall occur on or prior to [●month/day], 2003, unless such date is extended by the Debtors.~~ The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the rejection of unexpired leases and executory contracts by the Debtors as contemplated by Section 7.2 hereof.

(b) The Debtors shall have entered into the New Credit Facility (which shall be in a form and substance reasonably acceptable to the Prepetition Agent and Apollo) and all conditions precedent to the consummation thereof (other than the occurrence of the Effective Date of the Plan) shall have been waived or satisfied in accordance with the terms thereof and the lenders under the New Credit Facility shall be ready to fund the amounts required by the Debtors upon the Effective Date including, without limitation, the Prepetition Lenders' Payment Amount.

(c) The Confirmation Order in form and substance reasonably acceptable to the Debtors, the Prepetition Agent and Apollo shall have been entered by the Bankruptcy Court and shall be a Final Order, and no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending.

(d) The Confirmation Date shall have occurred and the Confirmation Order shall, among other things, provide that:

(i) the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(ii) all executory contracts or unexpired leases assumed by the Debtors during the Chapter 11 Cases or under the Plan shall be assigned and transferred to, and remain in full force and effect for the benefit of, the Reorganized Debtors, notwithstanding any provision in such contract or lease (including those described in sections 365(b)(2) and 365(f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables or requires termination of such contract or lease;

(iii) the transfers of property by the Debtors (A) to the Reorganized Debtors (1) are or shall be legal, valid, and effective transfers of property, (2) vest or shall vest the Reorganized Debtors with good title to such property free and clear of all liens, charges, Claims, encumbrances, or Interests, except as expressly provided in the Plan or Confirmation Order, (3) do not and shall not constitute avoidable transfers under the Bankruptcy Code or under applicable nonbankruptcy law, and (4) do not and shall not subject the Reorganized Debtors

to any liability by reason of such transfer under the Bankruptcy Code or under applicable nonbankruptcy law, including, without limitation, any laws affecting successor or transferee liability, and (B) to Claimholders under the Plan are for good consideration and value and are in the ordinary course of the Debtors' businesses;

(iv) except as expressly provided in the Plan or the Confirmation Order, the Debtors are discharged effective upon the Effective Date from any "debt" (as that term is defined in section 101(12) of the Bankruptcy Code), and the Debtors' liability in respect thereof is extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, or that arose from any agreement of the Debtors entered into or obligation of the Debtors incurred before the Effective Date, or from any conduct of the Debtors prior to the Effective Date, or that otherwise arose before the Effective Date, including, without limitation, all interest, if any, on any such debts, whether such interest accrued before or after the Petition Date;

(v) the Plan does not provide for the liquidation of all or substantially all of the property of the Debtors and its confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization;

(vi) all Interests are terminated effective upon the Effective Date; and

(vii) the New Common Stock to be issued under the Plan (including the offer of New Common Stock through any warrant, option, right to subscribe, or conversion privilege or the sale of the New Common Stock upon exercise of such warrant, option, right to subscribe, or conversion privilege) in exchange for Claims against the Debtors are exempt from registration under the Securities Act of 1933 pursuant to, and to the extent provided by, section 1145 of the Bankruptcy Code.

(e) The Debtors shall have sufficient Cash to make distributions required under the Plan including, but not limited to, the Prepetition Lenders' Payment Amount and the DIP Facility Claim.

In the event that the foregoing conditions are not satisfied or waived by June 30, 2003 (or such later date as may be agreed upon by the Debtors, the Prepetition Agent and Apollo), then the Confirmation Order shall be vacated and this Plan shall be of no further force or effect.

12.3 Waiver of Conditions to Confirmation or Consummation. The conditions set forth in Sections 12.1 and 12.2 of the Plan may be waived by the Debtors in their ~~sole~~ discretion without any notice to parties in interest or the Bankruptcy Court and without a hearing; provided that any such waiver shall require the prior written consent of the Prepetition Agent and Apollo. The failure to satisfy or waive any condition to the Confirmation Date or the Effective Date may be asserted by the Debtors in their ~~sole~~ discretion regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors ~~in their sole discretion~~). The failure of the Debtors in their sole discretion to exercise any of the foregoing rights (and the consent or failure to consent of the Prepetition Agent or Apollo to consent to the same) shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE XIII

RETENTION OF JURISDICTION

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan, including, among other, the following matters:

(a) to hear and determine pending motions for (i) the assumption or rejection or (ii) the assumption and assignment of executory contracts or unexpired leases to which the Debtors are a party or with respect to which the Debtors may be liable, and to hear and determine the allowance of Claims resulting therefrom including the amount of Cure, if any, required to be paid;

(b) to adjudicate any and all adversary proceedings, applications, and contested matters that may be commenced or maintained pursuant to the Chapter 11 Cases or the Plan, proceedings to adjudicate the allowance of Disputed Claims, and all controversies and issues arising from or relating to any of the foregoing;

(c) to adjudicate any and all disputes arising from the distribution of New Common Stock;

(d) to ensure that distributions to Allowed Claimholders are accomplished as provided herein;

(e) to hear and determine any and all objections to the allowance of Claims and the estimation of Claims, both before and after the Confirmation Date, including any objections to the classification of any Claim, and to allow or disallow any Claim, in whole or in part;

(f) to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(g) to issue orders in aid of execution, implementation, or consummation of the Plan;

(h) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) to hear and determine all applications for compensation and reimbursement of Professional Claims under the Plan or under sections 330, 331, 503(b), 1103, and 1129(a)(4) of the Bankruptcy Code;

(j) to determine requests for the payment of Claims entitled to priority under section 507(a)(1) of the Bankruptcy Code, including compensation of and reimbursement of expenses of parties entitled thereto;

(k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with this Plan;

(l) to hear and determine all suits or adversary proceedings to recover assets of the Debtors and property of its Estates, wherever located;

(m) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) to hear any other matter not inconsistent with the Bankruptcy Code;

(o) to hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

(p) to enter a final decree closing the Chapter 11 Cases; and

(q) to enforce all orders previously entered by the Bankruptcy Court.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims, Interests, Retained Actions, and any motions to compromise or settle such disputes.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

14.1 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former Claimholders, all present and former Interestholders, other parties in interest and their respective heirs, successors, and assigns.

14.2 Modification and Amendments. The Debtors may alter, amend, or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing subject to the prior consent of the Prepetition Agent and Apollo to the extent that any such alteration or modification materially alters the treatment afforded either the Prepetition Lenders or the Senior Noteholders, respectively. After the Confirmation Date and prior to substantial consummation of the Plan as defined in section 1101(2) of the Bankruptcy Code, the Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan.

14.3 Authorization/Consent of Creditor Constituencies. Notwithstanding anything in this Plan to the contrary, the consent or approval of any of the Prepetition Agent, Prepetition Lenders, Apollo or the Creditors' Committee or any other Person as may be called for in any provision of this Plan shall not be required (unless otherwise provided in the Bankruptcy Code) until such time as such parties have publicly announced their irrevocable support for the Plan either by voting to accept the Plan in the case of the Prepetition Agent, the Prepetition Lenders and Apollo or, in the case of the Creditors' Committee, through a written communication to each of the creditors in Class 5, Class 6 and Class 7 stating the Creditors' Committee supports the Plan and is recommending such creditors vote in favor of the Plan.

14.4 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributions thereunder, the Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements.

14.4 14.5 Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, for United States federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest. Notwithstanding the foregoing, the Prepetition Lenders shall have the discretion to apply any distributions received by them in such manner as they deem appropriate.

14.6 14.5 Committees. Effective on the Effective Date, the Creditors' Committee shall dissolve automatically, whereupon its members, professionals, and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to applications for Professional Claims.

14.6 14.7 Revocation, Withdrawal, or Non-Consummation.

(a) *Right to Revoke or Withdraw.* The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date.

(b) *Effect of Withdrawal, Revocation, or Non-Consummation.* If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation

Date or the Effective Date does not occur, then the Plan, any settlement, or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), the assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be null and void. In such event, nothing contained herein, and no acts taken in preparation for consummation of the Plan, shall be deemed to constitute a waiver or release of any Claims by or against or Interests in the Debtors or any other Person, to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or to constitute an admission of any sort by the Debtors or any other Person.

14.8 Severability of Plan Provisions. If, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be illegal, impermissible, invalid, void or unenforceable, or otherwise to constitute grounds for denying confirmation of the Plan, the Bankruptcy Court shall, with the consent of the Debtors, the Prepetition Agent, the DIP Agent and Apollo (as to all terms other than those contained in Sections 11.9 or 11.10 of the Plan) and with the consent of the Debtors only (in the case of any terms or provisions of Sections 11.9 or 11.10 of the Plan), have the power to interpret, modify or delete such term or provision (or portions thereof) to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be operative as interpreted, modified or deleted. Notwithstanding any such interpretation, modification or deletion, the remainder of the terms and provisions of the Plan shall in no way be affected, impaired or invalidated by such interpretation, modification or deletion; provided, however, that notwithstanding anything to the contrary herein, if, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be illegal, impermissible, invalid, void, unenforceable or otherwise to constitute grounds for denying confirmation of the Plan: (i) any such term or provision in Sections 11.9 or 11.10 of the Plan shall be severable at the sole election of the Debtors; and (ii) except for any term or provision in Sections 11.9 or 11.10 of the Plan, the terms and provisions of the Plan shall not be severable unless such severance is agreed to by the Debtors and consented to by the Prepetition Agent, the DIP Agent and Apollo.

14.9 14.7 Notices. Any notice required or permitted to be provided to the Debtors, the Creditors' Committee, the DIP Agent, the Bank Agent, or the Prepetition Agent under the Plan shall be in writing and served by (a) certified mail, return receipt requested, (b) hand delivery, or (c) overnight delivery service, to be addressed as follows:

If to the Debtors:

Hayes Lemmerz International, Inc.
15300 Centennial Drive
Northville, Michigan 48167
~~Attention:~~ Attn: General Counsel

with copies to:

Skadden, Arps, Slate,
Meagher & Flom (Illinois)
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606-1285
~~Attention~~ Attn: J. Eric Ivester, Esq.
Stephen D. Williamson, Esq.

– and –

Skadden, Arps, Slate,
Meagher & Flom LLP
One Rodney Square
Wilmington, Delaware 19899-0636
~~Attention~~ Attn: Anthony W. Clark, Esq.
Grenville R. Day, Esq.
Michael W. Yurkewicz, Esq.

If to the Creditors' Committee:

Akin, Gump, Strauss, Hauer & Feld, LLP
590 Madison Avenue
New York, New York 10022
Attn: Daniel H. Golden, Esq.
David H. Botter, Esq.
Robert J. Stark, Esq.

~~_____~~ – and – ~~with a copy to:~~

Klett Rooney Lieber & Schorling
The Brandywine Building
1000 West Street, Suite 1410
Wilmington, Delaware 19801
Attn: Teresa K.D. Currier

If to the DIP Agent and/or to the Prepetition Agent:

Canadian Imperial Bank of Commerce
425 Lexington Avenue
New York, New York 10017
Attn: Mr. Robert N. Greer
Mr. Harold Birk

~~_____~~ with copies to:

~~Clifford Chance ~~Rogers & Wells~~ US LLP~~
200 Park Avenue
New York, New York 10166-0153
Attn: Margot B. Schonholtz, Esq.
John S. Mairo, Esq.

~~_____~~ – and – ~~with a copy to:~~

Potter Anderson & Corroon LLP
Hercules Plaza
1313 N. Market Street
P.O. Box 951
Wilmington, Delaware 19899-0951
Attn: Laurie Selber Silverstein, Esq.

If to the Bank Agent:

[name]
[address 1]
[address 2]
[city, state, zip]
Attn: [name]

with a copy to:

[name]
[address 1]
[address 2]
[city, state, zip]
Attn: [name]

14.8 Apollo:

Apollo Management V, L.P.
c/o Stutman, Treister & Glatt
3699 Wilshire Boulevard
Suite 900
Los Angeles, CA 90010-2739
Attn: Isaac M. Pachulski, Esq.

14.10 Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the Effective Date.

~~14.9~~ 14.11 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware shall govern the construction and implementation of the Plan, any agreements, documents, and instruments executed in connection with the Plan, and corporate governance matters.

~~14.10~~ 14.12 No Waiver or Estoppel. Each Claimholder or Interestholder shall be deemed to have waived any right to assert that its Claim or Interest should be Allowed

in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors and/or their counsel, the Creditors' Committee and/or its counsel, or any other Person, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with the Bankruptcy Court prior to the Confirmation Date.

Dated: Northville, Michigan
~~December 16, 2002~~ February, 2003

HAYES LEMMERZ INTERNATIONAL, INC. AND
ITS SUBSIDIARIES THAT ARE ALSO DEBTORS AND
DEBTORS IN POSSESSION IN THE CHAPTER 11 CASES

By: _____
~~/s/ Curtis J. Clawson~~
Curtis J. Clawson
President, Chief Executive Officer and Chairman
of the Board of Hayes Lemmerz International,
Inc.

SKADDEN, ARPS, SLATE,
MEAGHER & FLOM (ILLINOIS)
333 West Wacker Drive
Chicago, Illinois 60606-1285
Attn: J. Eric Ivester
Stephen D. Williamson

– and –

SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP
One Rodney Square
Wilmington, Delaware 19899-0636
Attn: Anthony W. Clark (No. 2051)
Grenville R. Day (No. 3721)
Michael W. Yurkewicz (No. 4165)

By: ~~By:~~ /s/ Anthony W. Clark _____

ATTORNEYS FOR HAYES LEMMERZ
INTERNATIONAL, INC. AND ITS SUBSIDIARIES
THAT ARE ALSO DEBTORS AND DEBTORS
IN POSSESSION IN THE CHAPTER 11 CASES

PLAN EXHIBIT A

LIST OF DEBTOR PLAN PROPONENTS AND
CORRESPONDING BANKRUPTCY CASE NUMBERS

PLAN EXHIBIT B

NONEXCLUSIVE LIST OF RETAINED ACTIONS,
AVOIDANCE CLAIMS AND TRUST AVOIDANCE CLAIMS

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT C

FORM OF HLI CREDITOR TRUST AGREEMENT

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT D

SUMMARY OF LONG TERM INCENTIVE PLAN

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT E

FORM OF WARRANT AGREEMENT

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT F

FORM OF CERTIFICATE OF INCORPORATION

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT G

FORM OF BYLAWS

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

PLAN EXHIBIT H

SCHEDULE OF REJECTED LEASES AND
EXECUTORY CONTRACTS

**TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE**

~~PLAN EXHIBIT I~~

~~TERMS, FORM AND INDENTURE
FOR THE NEW SENIOR NOTES~~

~~TO BE FILED ON OR BEFORE
THE EXHIBIT FILING DATE~~

----- COMPARISON OF FOOTERS -----

~~-FOOTER 1-~~

Footer Discontinued

~~-FOOTER 2-~~

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